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CHOCTAW COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2019



CHOCTAW COUNTY
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CHOCTAW COUNTY

FINANCIAL SECTION

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PRIVATE COMPANIES PRACTICE SECTION

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Choctaw County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Choctaw County, Mississippi, (the County) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 of material misstatement.

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the reporting entity that include the data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net position, revenues and expenses of the aggregate discretely presented component units has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Choctaw County, Mississippi, as of September 30, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Choctaw County, Mississippi, as of September 30, 2019, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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 requires 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

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

The accompanying Reconciliation of Operating Costs of Solid Waste is the responsibility of management and was derived from and 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 taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 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

February 21, 2025

CHOCTAW COUNTY

FINANCIAL STATEMENTS

CHOCTAW COUNTY
Statement of Net Position
September 30, 2019

Exhibit 1

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash	\$ 7,823,684
Investments	1,305,333
Property tax receivable	7,309,989
Accounts receivable. (Net of allowance for uncollectibles of \$577,766)	50,703
Fines receivable. (Net of allowance for uncollectibles of \$568,359)	153,189
Intergovernmental receivables	304,237
Other receivables	65,523
Capital assets:	
Land and construction in progress	1,519,365
Other capital assets, net	34,643,956
Total Assets	<u>53,175,979</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding	787,771
Deferred outflows related to pensions	345,826
Total Deferred Outflows of Resources	<u>1,133,597</u>
LIABILITIES	
Claims payable	115,500
Amounts held in custody for others	100,371
Intergovernmental payables	82,993
Unearned revenue	35,850
Accrued interest payable	4,188
Long-term liabilities	
Due in one year:	
Capital debt	5,617,013
Due in more than one year:	
Capital debt	549,842
Non-Capital debt	68,355
Net pension liability	6,294,231
Total Liabilities	<u>12,868,343</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred revenues property taxes	7,309,989
Deferred inflows related to pensions	75,196
Total Deferred Inflows of Resources	<u>7,385,185</u>
NET POSITION	
Net investment in capital assets	30,784,237
Restricted:	
Expendable:	
General government	354,541
Public safety	62,943
Public works	1,961,805
Health and welfare	148,108
Debt service	1,929,163
Unrestricted	(1,184,749)
Total Net Position	<u>\$ 34,056,048</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, 2019

Exhibit 2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u> <u>and Changes in Net</u> <u>Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 3,409,345	115,378	50,259		(3,243,708)
Public safety	1,676,281	162,262	145,015		(1,369,004)
Public works	2,805,814	659,538	844,163	486,462	(815,651)
Health and welfare	544,350		23,813		(520,537)
Culture and recreation	143,000				(143,000)
Conservation of natural resources	50,053				(50,053)
Economic development and assistance	75,000		50,000		(25,000)
Interest on long-term debt	981,804				(981,804)
Pension expense	773,418				(773,418)
Total Governmental Activities	<u>10,459,065</u>	<u>937,178</u>	<u>1,113,250</u>	<u>486,462</u>	<u>(7,922,175)</u>
General revenues:					
Taxes:					
Property taxes				\$	8,183,675
Road & bridge privilege taxes					104,862
Grants & contributions not restricted to specific programs					2,805,441
Unrestricted Interest Income					194,089
Miscellaneous					362,639
Total General Revenues					<u>11,650,706</u>
Changes in Net Position					<u>3,728,531</u>
Net Position - Beginning					<u>30,327,517</u>
Net Position - Ending				\$	<u><u>34,056,048</u></u>

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

CHOCTAW COUNTY
Balance Sheet – Governmental Funds
September 30, 2019

Exhibit 3

	Major Funds			
	General Fund	Bond Repayment Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 4,901,820	\$ 620,832	\$ 2,301,032	\$ 7,823,684
Investments		7	1,305,326	1,305,333
Property tax receivable	5,088,312	715,136	1,506,541	7,309,989
Accounts receivable. (Net of allowance for uncollectibles of \$577,766)			50,703	50,703
Fines receivable. (Net of allowance for uncollectibles of \$568,359)	153,189			153,189
Intergovernmental receivables	68,643		235,594	304,237
Other receivables	103		65,420	65,523
Due from other funds		7,186	17,008	24,194
Total Assets	10,212,067	1,343,161	5,481,624	17,036,852
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Claims payable	59,693		55,807	115,500
Intergovernmental payables	82,993			82,993
Due to other funds	24,194			24,194
Unearned revenue			35,850	35,850
Amounts held in custody for others	100,371			100,371
Total Liabilities	267,251	-	91,657	358,908
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	5,088,312	715,136	1,506,541	7,309,989
Unavailable revenue - accounts receivable			50,703	50,703
Unavailable revenue - fines	153,189			153,189
Total Deferred Inflows of Resources	5,241,501	715,136	1,557,244	7,513,881
FUND BALANCES				
Restricted for:				
General government			354,541	354,541
Public safety			62,943	62,943
Public works			1,961,805	1,961,805
Health and welfare			148,108	148,108
Debt service		628,025	1,305,326	1,933,351
Unassigned	4,703,315			4,703,315
Total Fund Balances	4,703,315	628,025	3,832,723	9,164,063
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,212,067	\$ 1,343,161	\$ 5,481,624	\$ 17,036,852

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

CHOCTAW COUNTY**Exhibit 3-1****Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2019**

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 9,164,063
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 \$63,764,174.	36,163,321
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	203,892
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(6,235,210)
Pension obligations are not due and payable in the current period, and therefore are not reported in the funds.	(6,294,231)
Accrued interest payable is not due and payable in the current period, and therefore, is not reported in the funds.	(4,188)
Deferred amount on refunding	787,771
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	(75,196)
Deferred outflows of resources related to pensions	<u>345,826</u>
Total Net Position - Governmental Activities	\$ <u><u>34,056,048</u></u>

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

CHOCTAW COUNTY

Exhibit 4

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2019**

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Bond Repayment Fund</u>	<u>Other Governmental Funds</u>	
REVENUES				
Property taxes	\$ 5,035,589	\$ 1,482,749	\$ 1,665,337	\$ 8,183,675
Road and bridge privilege taxes			104,862	104,862
Licenses, commissions, and other revenue	67,549		710,978	778,527
Fines and forfeitures	56,507			56,507
Intergovernmental revenues	2,859,807		1,545,346	4,405,153
Charges for services	10,926		92,289	103,215
Interest income	160,456		33,633	194,089
Miscellaneous revenues	335,869		26,770	362,639
Total Revenues	<u>8,526,703</u>	<u>1,482,749</u>	<u>4,179,215</u>	<u>14,188,667</u>
EXPENDITURES				
Current:				
General government	3,503,027		23,836	3,526,863
Public safety	1,312,683		487,154	1,799,837
Public works	3,255		4,656,740	4,659,995
Health and welfare	119,378		424,972	544,350
Culture and recreation	143,000			143,000
Conservation of natural resources	51,040			51,040
Economic development and assistance	25,000		50,000	75,000
Debt Service:				
Principal	12,995	4,605,000	256,720	4,874,715
Interest	1,171	250,006	19,836	271,013
Total Expenditures	<u>5,171,549</u>	<u>4,855,006</u>	<u>5,919,258</u>	<u>15,945,813</u>
Excess of Revenues over (under) expenditures	<u>3,355,154</u>	<u>(3,372,257)</u>	<u>(1,740,043)</u>	<u>(1,757,146)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt (capital)			330,060	330,060
Transfers in	388,042	3,773,432	844,868	5,006,342
Transfers out	(3,856,799)	(165,000)	(984,543)	(5,006,342)
Total other financing sources and uses	<u>(3,468,757)</u>	<u>3,608,432</u>	<u>190,385</u>	<u>330,060</u>
Net Changes in Fund Balance	<u>(113,603)</u>	<u>236,175</u>	<u>(1,549,658)</u>	<u>(1,427,086)</u>
Fund Balance - Beginning	<u>4,816,918</u>	<u>391,850</u>	<u>5,382,381</u>	<u>10,591,149</u>
Fund Balance - Ending	<u>\$ 4,703,315</u>	<u>\$ 628,025</u>	<u>\$ 3,832,723</u>	<u>\$ 9,164,063</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, 2019

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (1,427,086)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>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 \$2,722,807 exceeded depreciation of \$919,201.</p>	1,803,606
<p>In the Statement of Activities, only gain and losses from the sale of capital assets are reported, whereas in the governmental funds, proceeds from the sale of capital assets increases financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$79,915 and the proceeds from the sale of \$0 in the current period.</p>	(79,915)
<p>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.</p>	(1,402)
<p>Solid waste revenue recognized on the modified accrual basis in the fund during the current year is increased because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.</p>	331
<p>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 \$4,874,715 exceeded debt proceeds of \$330,060.</p>	4,544,655
<p>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:</p>	
Recording of pension expense for the current period	(773,418)
Recording of contributions made during the year	386,629
<p>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:</p>	
Amortization of deferred amount on refunding bonds	(787,771)
Amortization of bond premium	54,794
Decrease in accrued interest payable	22,186
(Increase) in compensated absences payable	<u>(14,078)</u>
Change in Net Position of Governmental Activities	<u>\$ 3,728,531</u>

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

CHOCTAW COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2019

Exhibit 5

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ <u>24,194</u>
Total Assets	<u><u>24,194</u></u>
<u>LIABILITIES</u>	
Intergovernmental payables	<u>24,194</u>
Total Liabilities	\$ <u><u>24,194</u></u>

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

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

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.

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

- Choctaw County Economic Development District
- Choctaw County Medical Center

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

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

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

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

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

The County reports the following major Governmental Funds:

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

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures 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 expenditures 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.

D. Account Classifications.

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

E. Deposits and Investments.

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

Cash includes cash on hand, demand deposits, certificates of deposit, and other 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 market value.

F. Receivables.

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

G. Inter-fund Transactions and Balances.

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

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

H. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the 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 asset costs, other than infrastructure, have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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

	<u>Capitalization Thresholds</u>	<u>Estimated Service Life</u>
Land	\$ 0	N/A
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5 to 10 years
Furniture and equipment	5,000	3 to 7 years
Infrastructure	0	20 to 50 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.

I. Deferred Outflows/Inflows of Resources.

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

Deferred 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
For the Year Ended September 30, 2019

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 9 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 inflows of resources (revenues) until that time.

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

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

Unavailable revenue – garbage fees – When an asset is recorded in the governmental fund financial statements, but the revenue is not available, the government should report a deferred inflow of resources until such time 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 9 for additional details.

J. 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.

K. Long-term Liabilities.

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

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

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

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

L. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

Fund Balance Flow Assumption:

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed,

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

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

M. 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 the 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 the original purchase occurs.

N. 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.

O. Compensated Absences.

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

P. Changes In Accounting Standards.

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The provisions of this standard have been incorporated into the financial statements and notes.

NOTE 2 – DEPOSITS AND INVESTMENTS.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$7,847,878 and the bank balance was \$8,058,351. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for 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, 2019 are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value Level</u>	<u>Fair Value</u>
G/S Treasury Obligations	Less than 1 year	Level 1	\$ <u>1,305,333</u>

Interest Rate Risk. The County does not have a formal investment policy that limits the 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 investment 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

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk.

NOTE 3 – INTER-FUND TRANSACTIONS AND BALANCES.

The following is a summary of inter-fund balances at September 30, 2019:

A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Bond Repayment Fund	General Fund	\$ 7,186
Other Governmental Funds	General Fund	<u>17,008</u>
Total		<u>\$ 24,194</u>

The receivables represent the tax revenues collected in September 2019, but not settled until October 2019. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 223,042
General Fund	Bond Repayment Fund	165,000
Bond Repayment Fund	General Fund	3,147,649
Bond Repayment Fund	Other Governmental Funds	625,783
Other Governmental Funds	General Fund	709,150
Other Governmental Funds	Other Governmental Funds	<u>135,718</u>
		<u>\$ 5,006,342</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.

Intergovernmental receivables at September 30, 2019, consisted of the following:

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

Governmental Activities:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 64,441
Timber severance tax	821
Reimbursement for welfare	1,282
Fees	58
Truck & bus privilege tax	7,712
Petroleum tax	32,777
Airport Grant	171,192
State Aid Roads	24,698
Reimbursment for housing inmates	<u>1,256</u>
Total Governmental Activities	<u><u>\$ 304,237</u></u>

NOTE 5– CAPITAL ASSETS.

The following is a summary of capital assets activity for the year ended September 30, 2019:

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

Governmental Activities:

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments*	Balance Sept. 30, 2019
Non Depreciable Capital Assets:					
Land	\$ 163,963				163,963
Construction in Progress	1,413,577	1,230,460		(1,288,635)	1,355,402
Total non depreciable capital assets	1,577,540	1,230,460	-	(1,288,635)	1,519,365
Depreciable Capital Assets:					
Infrastructure	83,439,159			783,084	84,222,243
Buildings	2,313,865			250,676	2,564,541
Improvement other than buildings	1,121,190			254,875	1,376,065
Mobile equipment	7,722,891	1,373,795	253,753	464,439	9,307,372
Furniture and equipment	789,778	118,552			908,330
Leased property under capital lease	494,018			(464,439)	29,579
Total depreciable capital assets	95,880,901	1,492,347	253,753	1,288,635	98,408,130
Less: Accumulated Depreciation for:					
Infrastructure	54,877,376	299,153			55,176,529
Buildings	915,658	61,235			976,893
Improvement other than buildings	716,948	25,195			742,143
Mobile equipment	5,561,269	474,446	173,838	254,376	6,116,253
Furniture and equipment	677,210	53,848			731,058
Leased property under capital lease	270,350	5,324		(254,376)	21,298
Total accumulated depreciation	63,018,811	919,201	173,838	-	63,764,174
Total depreciable capital assets - net	32,862,090	573,146	79,915	1,288,635	34,643,956
Governmental activities capital assets, net	34,439,630	1,803,606	79,915	-	36,163,321

Adjustments are to reclassify completed construction in progress to infrastructure, buildings and improvements other than buildings, and to reclassify paid off capital leases.

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 80,275
Public safety	122,310
Public works	<u>716,616</u>
Total governmental activities depreciation expense	<u>\$ 919,201</u>

Commitments with respect to unfinished capital projects at September 30, 2019, consisted of the following:

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Bridge Project LSBP 10 (13)	530,070	Unknown
Bridge Project STPBR 1919 (5)B	16,557	08/2021
Bridge Project LSBP 10 (10)	Unknown	Unknown
Bridge Project LSBP 10 (1)	Unknown	Unknown
State Aid Project SAP 10 51	Unknown	Unknown
State Aid Project SAP 10 52	23,522	02/2022
Bridge Project STPBR 0723 9 B	Unknown	Unknown

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, 2019, to January 1, 2020. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

NOTE 7 – CAPITAL LEASES.

As Lessee

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2019:

Classes of Property	Governmental Activities
Mobile equipment	\$ 29,579
Less: Accumulated depreciation	21,298
Leased Property Under Capital Leases	<u>\$ 8,281</u>

The following is a schedule by years of the total payments due as of September 30, 2019:

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

Year Ending September 30:	Governmental Activities	
	Principal	Interest
2020	\$ 6,128	154
2021	3,119	22
Total Minimum Payments Required	<u>\$ 9,247</u>	<u>176</u>

NOTE 8 – LONG TERM DEBT

Debt outstanding as of September 30, 2019, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
A. General Obligation Bonds:			
General Obligation Taxable Refunding Bonds, Series 2013*	\$ 5,310,000	3.50-4.50%	04/2020
Total General Obligation Bonds	<u>\$ 5,310,000</u>		
B. Other Loans:			
CAP Loan - Fire Truck Union	\$ 95,287	3.00%	04/2024
International Fire Truck - French Camp	234,230	2.75%	11/2022
Mack Truck	13,106	1.89%	08/2020
2007 Mack Truck	12,988	1.89%	08/2020
2016 Dodge Ram	5,270	2.20%	04/2020
Equipment Loan	81,305	2.20%	06/2021
SW Western Star Truck	5,446	2.15%	12/2019
Cat Backhoe / Loader	8,386	2.20%	03/2020
2017 Ford Explorer	11,828	2.00%	11/2021
2017 Ford Explorer	24,855	3.15%	06/2023
2017 Ford Explorer (Silver)	18,449	1.99%	08/2022
Caterpillar Motorgrader	176,186	2.76%	03/2023
Caterpillar Motorgrader	<u>105,478</u>	2.65%	05/2022
Total Other Loans	<u>\$ 792,814</u>		
C. Capital Leases:			
2016 Ford F-250 Supercrew	\$ 9,247	2.39%	03/2021
Total Capital Leases	<u>\$ 9,247</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
For the Year Ended September 30, 2019

Governmental Activities:

Year Ending September 30:	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2020	\$ 5,310,000	82,956	246,091	15,759
2021			194,568	9,495
2022			131,934	6,572
2023			207,074	1,021
2024			13,147	5
Total	\$ 5,310,000	82,956	792,814	32,852

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 counties issue bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2019, the amount of outstanding debt was equal to 1.78% 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, 2019, \$10,070,000 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, 2019:

	Balance Oct. 1, 2018	Additions	Reductions	Adjustments	Balance Sept. 30, 2019	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 54,277	14,078			68,355	
General obligation bonds	9,915,000		4,605,000		5,310,000	5,310,000
Add:						
Premiums	109,588		54,794		54,794	54,794
Other loans	706,529	330,060	243,775		792,814	246,091
Capital leases	35,187		25,940		9,247	6,128
Total	\$ 10,820,581	344,138	4,929,509	-	6,235,210	5,617,013

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

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

NOTE 9 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

Contributions. At September 30, 2019, 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, 2019 was 17.40% of annual covered payroll. This rate increased as of July 1, 2019 from 15.75%. 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, 2019, 2018, and 2017 were \$386,629, \$371,883, and \$351,652, 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

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

At September 30, 2019, the County reported a liability of \$6,294,231 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2019 net pension liability was 0.035779 percent, which was based on a measurement date of June 30, 2019. This was a decrease of 0.00049 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the County recognized pension expense of \$773,418. At September 30, 2019, the reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,774	6,381
Net difference between projected and actual earnings on pension plan investments		68,815
Changes of assumptions	61,654	
Changes in the proportion and differences between County contributions and proportionate share of contributions	176,491	
County Contributions subsequent to the measurement date	103,907	
	\$ 345,826	75,196

The \$103,907 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	Amount
2020	\$ 141,044
2021	(5,276)
2022	2,217
2023	28,738
Total	\$ 166,723

Actuarial Assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

Inflation percentage	2.75%
Salary increases, including inflation	3.00 - 18.25%
Investment rate of return net of pension plan investment expense, including inflation	7.75%

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80-119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75-119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

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

The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.90 %
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	1.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.25
	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

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	\$	8,273,986	6,294,231	4,660,123

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 10 – 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.

NOTE 11 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION.

The governmental activities' unrestricted net position amount of (\$1,184,749) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$103,907 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, 2020. The \$241,919 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next three years. The \$75,196 balance of the deferred inflow of resources related to pension at September 30, 2019, will be recognized in pension expense over the next four years.

The governmental activities' net investment in capital assets net position of \$30,784,237 includes the effect of deferring the recognition of expenditures resulting from an advance refunding of County debt. The \$787,771 of the \$1,133,597 balance of deferred outflows of resources at September 30, 2019, will be recognized as an expense and will decrease the net investment in capital assets net position over the next year.

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

NOTE 12 – 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 2019. 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 13 – 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 \$434,018 for maintenance and support of the college in fiscal year 2019.

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 of the district in fiscal year 2019.

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

Community Counseling Services operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Choctaw County Board of Supervisors appoints one of the seven members of the board of directors. The County appropriated \$24,000 for support of the agency in fiscal year 2019.

Prairie Opportunity, Inc. operates in a district composed 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 14 - TAX ABATEMENTS.

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

Governmental Accounting Standards Board (GASB) Statement 77, *Tax Abatement Disclosures*, 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 governments 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 contribute to the economic development and citizenry of the County. The County had tax abatement agreements with three entities as of September 30, 2019.

The County had abatements under the following statute, which does not provide for the abatement of school or state tax levies: 27-31-105, Miss. Code (Ann.) 1972. All allowable property tax levies are as follows:

Category	Fiscal Year 2019 Amount of Taxes Abated
Addition to or expansion of facilities or property or replacement of equipment	\$ 40,425

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

NOTE 15 – 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 February 21, 2025 (the date the financial statements were available to be issued) and determined that the following subsequent events have occurred that require disclosure in the notes to the financial statements.

Subsequent to September 30, 2019, the County issued the following debt obligations:

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
12/2019	2.59%	320,020	Other Loan	Ad valorem taxes
04/2020	2.65%	30,020	Other Loan	Ad valorem taxes
10/2021	1.75%	75,030	Other Loan	Ad valorem taxes
04/2022	2.70%	43,999	Other Loan	Ad valorem taxes
05/2022	2.65%	57,030	Other Loan	Ad valorem taxes
05/2022	2.90%	47,319	Other Loan	Ad valorem taxes
05/2022	2.65%	57,030	Other Loan	Ad valorem taxes
06/2022	2.70%	22,500	Other Loan	Ad valorem taxes
10/2022	4.10%	151,822	Other Loan	Ad valorem taxes
11/2022	4.40%	225,000	Other Loan	Ad valorem taxes
11/2022	4.40%	225,000	Other Loan	Ad valorem taxes
05/2024	5.75%	133,869	Other Loan	Ad valorem taxes
05/2024	5.75%	102,830	Other Loan	Ad valorem taxes
05/2024	5.75%	50,030	Other Loan	Ad valorem taxes
05/2024	5.75%	51,595	Other Loan	Ad valorem taxes
05/2024	5.75%	220,030	Other Loan	Ad valorem taxes

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, 2019
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,699,989	5,030,554	5,030,554	-
Licenses, commissions and other revenue	50,370	64,690	64,690	-
Fines and forfeitures	53,000	60,900	60,900	-
Intergovernmental revenues	251,700	2,862,103	2,862,103	-
Charges for services	2,000	14,169	14,169	-
Interest income	5,000	160,456	160,456	-
Miscellaneous revenues	2,923,952	336,370	336,370	-
Total Revenues	7,986,011	8,529,242	8,529,242	-
EXPENDITURES				
General government	1,987,713	3,482,946	3,482,946	-
Public safety	1,236,285	1,321,954	1,321,954	-
Public works	3,920	3,324	3,324	-
Health and welfare	604,784	128,261	128,261	-
Culture and recreation	-	143,000	143,000	-
Conservation of natural resources	85,534	51,360	51,360	-
Economic development and assistance	25,000	25,000	25,000	-
Debt service	-	14,165	14,165	-
Total Expenditures	3,943,236	5,170,010	5,170,010	-
Excess of Revenues over (under) Expenditures	4,042,775	3,359,232	3,359,232	-
OTHER FINANCING SOURCES (USES)				
Sources	1,399,120	388,041	388,041	-
Uses	(694,980)	(3,857,373)	(3,857,373)	-
Total Other Financing Sources (Uses)	704,140	(3,469,332)	(3,469,332)	-
Net Change in Fund Balance	4,746,915	(110,100)	(110,100)	-
Fund Balance - Beginning	5,158,716	5,865,513	5,861,813	(3,700)
Fund Balance - Ending	\$ 9,905,631	5,755,413	5,751,713	(3,700)

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, 2019

	UNAUDITED					
	<u>2019</u>	<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)	\$ 6,294,231	6,033,110	5,602,083	5,773,517	4,830,634	3,574,205
County's proportion of the net pension liability (asset)	0.035779%	0.036272%	0.033700%	0.032322%	0.031250%	0.029446%
County's covered payroll	\$ 2,352,656	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	267.53%	258.85%	253.88%	279.22%	244.32%	202.45%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

CHOCTAW COUNTY
Schedule of the County's Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2019

	UNAUDITED					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 386,629	371,883	351,652	338,133	311,399	278,064
Contributions in relation to the contractually required contribution	<u>386,629</u>	<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>	<u>-</u>
County covered payroll	\$ 2,380,070	2,361,162	2,232,708	2,146,876	1,977,137	1,765,486
Contributions as a percentage of covered payroll	16.24%	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. Note A - The 2019 contributions as a percentage of covered payroll will be an average of the former contribution rate of 15.75% and the current contribution rate of 17.40%.

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, 2019

UNAUDITED

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

<u>Governmental Funds</u>	
	General Fund
Budget (Cash basis)	\$ (110,100)
Increase (Decrease)	
Net adjustments for revenue accruals	(2,538)
Net adjustments for expenditure accruals	(965)
GAAP Basis	\$ <u>(113,603)</u>

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2019

UNAUDITED

Pension Schedules

A. Changes of assumptions.

2015

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
- The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016

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

2017

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2019

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
 - For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.
 - For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.
 - Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:
 - For males, 137% of male rates at all ages.

CHOCTAW COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2019

UNAUDITED

- For females, 115% of female rates at all ages.
- Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 3.00% to 2.75%.
- The wage inflation assumption was reduced from 3.25% to 3.00%.
- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

B. Changes in benefit provisions.

2016

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

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for the June 30, 2019 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	38.4 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 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 30, 2019

Operating Expenditures, Cash Basis

Salaries	\$	331,551
Insurance		500
Supplies		110,417
Solid waste pickup and disposal fees		156,794
Petroleum Products		62,036
Repairs		36,374
Solid Waste Operating Expenditures, Cash Basis	\$	<u>697,672</u>

Full Cost Expenses

Indirect administrative cost	\$	12,846
Depreciation on equipment		64,188
Net effect of other accrued expenses		<u>(2,910)</u>
Solid Waste Full Cost Operating Expenditures	\$	<u><u>771,796</u></u>

CHOCTAW COUNTY

OTHER INFORMATION

CHOCTAW COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2019
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
Libby Beard	Accounting Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Lillie Miller Anderson	Payroll Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Laila Henson	Deputy Chancery Clerk	Travelers Casualty & Surety Co.	\$ 50,000
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
Jalisa Lee	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 Halford	Sheriff	Travelers Casualty & Surety Co.	\$ 100,000
William Stephenson	Justice Court Judge	Travelers Casualty & Surety Co.	\$ 50,000
Teresa Weeks	Justice Court Judge	Travelers Casualty & Surety Co.	\$ 50,000
Heather Wood	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
Sedgie D. Taylor	Deputy Tax Collector	Travelers Casualty & Surety Co.	\$ 50,000
Joseph Long	Deputy Tax Assessor	Travelers Casualty & Surety Co.	\$ 10,000
Martha Mosely-Chancellor	Solid Waste Clerk	Western Surety Company	\$ 25,000
Sharon Kay Dendy	Deputy Solid Waste Clerk	Travelers Casualty & Surety Co.	\$ 25,000
Jalisa Lee	Deputy Solid Waste Clerk	Travelers Casualty & Surety Co.	\$ 25,000
Maxie Lollar	Sanitation Landfill Manager	Travelers Casualty & Surety Co.	\$ 15,000
Keith Coleman	Coroner	Travelers Casualty & Surety Co.	\$ 10,000

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Choctaw County, Mississippi (the County), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 21, 2025. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

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

We 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 February 21, 2025, included within this document.

Choctaw County's Response to Finding

Choctaw County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Choctaw County's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

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Certified Public Accountants
Vicksburg, Mississippi
February 21, 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, 2019. The Board of Supervisors of Choctaw County, Mississippi is responsible for 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 a certain 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 are disclosed below:

Purchase Clerk

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

Repeat Finding	Yes; 2018, 2017
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	<p>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:</p> <ul style="list-style-type: none"> • One instance where no purchasing documentation beyond an invoice was provided for a purchase greater than \$1,500 • Four (4) instances where no competitive bid or second quote was provided for an expenditure of greater than \$5,000
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, 2019.

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

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

February 21, 2025

CHOCTAW COUNTY
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2019

Schedule 1

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

CHOCTAW COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2019

Schedule 2

Our tests did not identify any emergency purchases.

**Schedule of Purchases Made Noncompetitively from a Sole Source
For the Year Ended September 30, 2019**

Our tests 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, 2019, 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 February 21, 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, 2018, 2017

Criteria	<i>Section 65-7-117, Mississippi Code Annotated (1972)</i> , 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; 2018, 2017

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; 2018, 2017
Criteria	<i>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."</i>
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 indefinite bonds• One (1) Deputy Tax Collector was not bonded for the period• Two (2) Deputy Tax Assessors were bonded with an indefinite bond• 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 not bonded for the period• 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 concur.

4. Public Officials Should Ensure Compliance with State Law over Adopting the Final Amended Budget.

Repeat Finding No

Criteria *Section 7-7-211, Mississippi Code Annotated (1972), states, "The department [of audit] shall have the power and it shall be its duty...*

To identify and define for all public offices of the state and its subdivisions generally accepted accounting principles or other accounting principles as promulgated by nationally recognized professional organizations and to consult with the State Fiscal Officer in the prescription and implementation of accounting rules and regulations.

To provide best practices, for all public offices of regional and local subdivisions of the state, systems of accounting, budgeting and reporting financial facts relating to said offices in conformity with legal requirements and with generally accepted accounting principles or other accounting principles as promulgated by nationally recognized professional organizations; to assist such subdivisions in need of assistance in the installation of such systems; to revise such systems when deemed necessary, and to report to the Legislature at periodic times the extent to which each office is maintaining such systems, along with such recommendations to the Legislature for improvement as seem desirable...."

Mississippi County Financial Accounting Manual, Section B-Budgeting states, "The final amended budget of all funds for a fiscal year, which may be amended up to the end of the fiscal year, must be entered on the minutes of the Board of Supervisors no later than October 31st, next following the close of the fiscal year."

Condition During the course of our audit, we noted that there was no final amended budget approved and spread upon the minutes.

Cause The Board did not approve and spread the final amended budget upon the minutes by October 31st following the close of the fiscal year.

Effect Failure to adopt and spread the final amended budget results in noncompliance with state law and reduces transparency to the public.

Recommendation We recommend that the Board adopt the final amended budget for the previous fiscal year no later than October 31st immediately following the close of the previous fiscal year.

Response We concur.

5. Public Officials Should Ensure Compliance with State Laws over Rehiring PERS Retirees.

Repeat Finding Yes; 2018, 2017

Criteria *Section 25-11-127, Mississippi Code Annotated (1972), states, "No person who is being paid a retirement allowance or a pension after retirement under this article shall be employed or paid for any service by the State of Mississippi, including services as an employee, contract worker, contractual employee or independent contractor, until the retired person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement. After the person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement or such later date as established by the board, he or she may be reemployed while being paid a retirement allowance under the terms and conditions provided in this section....*

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:

(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

(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.

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 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: <ul style="list-style-type: none">• The PERS Form 4B was incorrectly executed for two (2) of the five (5) retirees tested• The PERS Form 4B was not executed annually for four (4) of the five (5) retirees tested
Cause	The County did not comply with <i>Section 25-11-127, Mississippi Code Annotated (1972)</i> 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; 2018, 2017
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 locate two (2) personnel files.
Cause	The employee files were not maintained in accordance with applicable laws.

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.
Response	We concur.

Solid Waste Clerk.

7. Solid Waste Department has Insufficient Separation of Duties in the Collection, Deposit, Recording, Settling, and Reconciling Functions.

Repeat Finding	Yes, 2018, 2017
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 Solid Waste Department 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 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.
Response	We concur.

Circuit Clerk.

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

Repeat Finding	Yes; 2018, 2017
Criteria	<i>Section 25-1-72, Mississippi Code Annotated (1972)</i> , states that, "All county officers who receive funds payable into the county treasury shall deposit such

funds into the county depository on the day when they are collected or on the next business day thereafter.”

Condition	During the course of our test work, we found that deposits were not made in a timely manner with sixteen (16) exceptions noted out of twenty (20) items tested.
Cause	These 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.

Sheriff.

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

Repeat Finding Yes; 2018, 2017

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.

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

Repeat Finding Yes; 2018, 2017

Criteria *§19-25-73(1)(b), Mississippi Code Annotated (1972), 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..."[Statute in effect until 7/1/2019; This has been amended to increase the amount to fifteen dollars (\$15.00) per prisoner per day.]*

Condition During the course of our testing, we noted that the cost to feed prisoners was **\$8.87** 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.

11. The Justice Court Clerk's Office has Insufficient Separation of Duties in the Collection, Deposit, Recording, Settling, and Reconciling Functions.

Repeat Finding Yes; 2018, 2017

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.

12. Public Officials should strengthen internal controls over bank reconciliations of the Justice Court accounts.

Repeat Finding Yes; 2018, 2017

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 During the course of our cash count, we noted an unidentified overage of **\$7,599.53**.

Auditors were further unable to obtain a bank reconciliation for the Justice Court Clearing account.

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.

Tax Assessor-Collector.

13. The Tax Assessor-Collector Should Ensure Compliance with State Law Regarding the Timely Deposit of Funds.

Repeat Finding No

Criteria *Section 25-1-72, Mississippi Code Annotated (1972)*, states that, "All county officers who receive funds payable into the county treasury shall deposit such funds into the county depository on the day when they are collected or on the next business day thereafter."

Condition During the course of our test work, we found that deposits were not made in a timely manner with eight (8) exceptions noted out of nineteen (19) items tested.

Cause	These delays are due to inadequate internal controls surrounding the statutory requirements for depositing of revenue collected in the Tax Assessor-Collector'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 Tax Assessor-Collector should ensure that the deposits are being made in a timely manner as prescribed by statute.
Response	We concur.

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

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

February 21, 2025

CHOCTAW COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

CHOCTAW COUNTY
 Schedule of Findings and Responses
 For the Year Ended September 30, 2019

Section 1: Summary of Auditor's Results

Financial Statements:

1.	Type of auditor's report issued on the financial statements:	
	Governmental activities	Unmodified
	Aggregate Discretely Presented Component Units	Adverse
	General Fund	Unmodified
	Bond Repayment Fund	Unmodified
	Aggregate remaining fund information	Unmodified
2.	Internal control over financial reporting:	
	a. Material weakness identified?	Yes
	b. Significant deficiencies identified?	None reported
3.	Noncompliance material to the financial statements noted?	No

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2019-001. Component Units Should be Included in the Financial Statements.

Repeat Finding No

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

Condition The financial statements do not include the financial data for the county's legally separate component units.

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

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

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

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