

# CHOCTAW COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2021



## SHAD WHITE

STATE AUDITOR

Jeff Goodwin, CPA  
Director, Financial and Compliance Audit Division

Joe E. McKnight, CPA  
Director, County Audit Section



A Report from the County Audit Section

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR**

**Shad White**  
AUDITOR

April 13, 2026

Members of the Board of Supervisors  
Choctaw County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2021 financial and compliance audit report for Choctaw County. This audit was performed pursuant to *Section 7-7-211(e), Mississippi Code Annotated (1972)*. The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Choctaw County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Choctaw County. If I or this office can be of any further assistance, please contact me or Joe McKnight of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White", is written over a horizontal line.

Shad White



CHOCTAW COUNTY

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CHOCTAW COUNTY

FINANCIAL SECTION

CHOCTAW COUNTY

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
SHAD WHITE  
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Choctaw County, Mississippi

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Choctaw County, Mississippi, (the County) as of and for the year ended September 30, 2021, 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 from material misstatement.

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

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

### ***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 these 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. 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, 2021, 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.

### ***Basis for Qualified Opinion on the General Fund***

Management did not maintain adequate subsidiary records documenting the existence and valuation of fines receivable of the Justice Court or the aging of these fines receivable. Adequate subsidiary records were not maintained and preserved for the Justice Court fines receivables aging schedules as of September 30, 2021. Due to the nature of the County's records, we were unable to satisfy ourselves as to the fair presentation of fines receivable, net, reported in the General Fund at \$180,016, as of September 30, 2021. Also, because of the nature of the fines receivable records, we could not satisfy ourselves as to the fair presentation of the related transactions of the General Fund.

### ***Qualified Opinion***

In our opinion, except for the effects of such adjustments, if any, as might have been determined had we been able to examine evidence to determine the net realizable value of the fines receivable reported in the General Fund, the financial statements referred to previously present fairly, in all material respects, the financial position of the General Fund of Choctaw County, Mississippi, as of September 30, 2021, and 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 and the aggregate remaining fund information of Choctaw County, Mississippi, as of September 30, 2021, 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 Schedule and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of County Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Omission of Required Supplementary Information*

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

### *Supplementary and Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2026 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.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

April 13, 2026

CHOCTAW COUNTY

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CHOCTAW COUNTY

FINANCIAL STATEMENTS

CHOCTAW COUNTY

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CHOCTAW COUNTY  
Statement of Net Position  
September 30, 2021

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<b>ASSETS</b>	
Cash	\$ 11,953,833
Property tax receivable	6,988,794
Accounts receivable (net of allowance for uncollectibles of \$621,316)	54,422
Fines receivable (net of allowance for uncollectibles of \$1,084,610)	180,016
Intergovernmental receivables	141,907
Other receivables	27,800
Capital assets:	
Land and construction in progress	1,763,858
Other capital assets, net	34,937,109
Total Assets	<u>56,047,739</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	1,244,903
Total Deferred Outflows of Resources	<u>1,244,903</u>
<b>LIABILITIES</b>	
Claims payable	121,678
Intergovernmental payables	91,848
Unearned revenue	834,698
Amounts held in custody for others	136,603
Long-term liabilities	
Due within one year:	
Capital debt	197,076
Due in more than one year:	
Capital debt	380,577
Non-capital debt	14,857
Net pension liability	6,024,506
Total Liabilities	<u>7,801,843</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	1,922,546
Deferred revenues - property taxes	6,988,794
Total Deferred Inflows of Resources	<u>8,911,340</u>
<b>NET POSITION</b>	
Net investment in capital assets	36,123,314
Restricted for:	
Expendable:	
General government	76,278
Public safety	126,229
Public works	4,195,725
Health and welfare	213,326
Unrestricted	(155,413)
Total Net Position	<u>\$ 40,579,459</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, 2021

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 3,877,449	153,695	156,373		(3,567,381)
Public safety	2,065,815	187,909	346,523		(1,531,383)
Public works	3,248,475	640,390	1,195,134	39,478	(1,373,473)
Health and welfare	640,873		21,200		(619,673)
Culture and recreation	135,070				(135,070)
Conservation of natural resources	60,144				(60,144)
Economic development and assistance	309,548		225,837		(83,711)
Interest on long-term debt	18,715				(18,715)
Pension expense	717,094				(717,094)
Total Governmental Activities	\$ 11,073,183	981,994	1,945,067	39,478	(8,106,644)
General revenues:					
Property taxes				\$	7,598,772
Road & bridge privilege taxes					106,901
Grants and contributions not restricted to specific programs					2,602,985
Unrestricted interest income					146,008
Miscellaneous					454,187
Total General Revenues					10,908,853
Changes in Net Position					2,802,209
Net Position - Beginning					37,777,250
Net Position - Ending				\$	40,579,459

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

CHOCTAW COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2021

Exhibit 3

	<u>Major Fund</u>		
	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 6,600,925	5,352,908	11,953,833
Property tax receivable	5,686,910	1,301,884	6,988,794
Accounts receivable (net of allowance for uncollectibles of \$621,316)		54,422	54,422
Fines receivable (net of allowance for uncollectibles of \$1,084,610)	180,016		180,016
Intergovernmental receivables	76,424	65,483	141,907
Other receivables	16,579	11,221	27,800
Due from other funds		15,206	15,206
<b>Total Assets</b>	<u>\$ 12,560,854</u>	<u>6,801,124</u>	<u>19,361,978</u>
<b>LIABILITIES</b>			
Liabilities:			
Claims payable	\$ 61,751	59,927	121,678
Intergovernmental payables	91,848		91,848
Due to other funds	15,206		15,206
Unearned revenue		834,698	834,698
Amounts held in custody for others	136,603		136,603
<b>Total Liabilities</b>	<u>305,408</u>	<u>894,625</u>	<u>1,200,033</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue - property taxes	5,686,910	1,301,884	6,988,794
Unavailable revenue - accounts receivable		54,422	54,422
Unavailable revenue - fines	180,016		180,016
<b>Total Deferred Inflows of Resources</b>	<u>5,866,926</u>	<u>1,356,306</u>	<u>7,223,232</u>
<b>Fund balances:</b>			
Restricted for:			
General government		76,278	76,278
Public safety		126,229	126,229
Public works		4,141,303	4,141,303
Health and welfare		213,326	213,326
Unassigned	6,388,520	(6,943)	6,381,577
<b>Total Fund Balances</b>	<u>6,388,520</u>	<u>4,550,193</u>	<u>10,938,713</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 12,560,854</u>	<u>6,801,124</u>	<u>19,361,978</u>

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

CHOCTAW COUNTY

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
September 30, 2021

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 10,938,713
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$65,596,903.	36,700,967
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	234,438
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(592,510)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(6,024,506)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	1,244,903
Deferred inflows of resources related to pensions	<u>(1,922,546)</u>
Total Net Position - Governmental Activities	\$ <u><u>40,579,459</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, 2021

	<u>Major Fund</u>		
	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Property taxes	\$ 6,207,521	1,391,251	7,598,772
Road and bridge privilege taxes		106,901	106,901
Licenses, commissions and other revenue	79,196	697,173	776,369
Fines and forfeitures	78,394		78,394
Intergovernmental revenues	2,859,373	1,728,157	4,587,530
Charges for services	23,131	91,430	114,561
Interest income	145,974	34	146,008
Miscellaneous revenues	357,333	56,897	414,230
Total Revenues	<u>9,750,922</u>	<u>4,071,843</u>	<u>13,822,765</u>
<b>EXPENDITURES</b>			
Current:			
General government	4,010,358	2,024	4,012,382
Public safety	1,494,237	586,772	2,081,009
Public works	5,683	3,326,990	3,332,673
Health and welfare	117,974	522,899	640,873
Culture and recreation	135,070		135,070
Conservation of natural resources	60,144		60,144
Economic development and assistance	27,447	297,977	325,424
Debt service:			
Principal	8,630	252,570	261,200
Interest	99	18,616	18,715
Total Expenditures	<u>5,859,642</u>	<u>5,007,848</u>	<u>10,867,490</u>
Excess of Revenues over (under) Expenditures	<u>3,891,280</u>	<u>(936,005)</u>	<u>2,955,275</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	4,186	61,456	65,642
Transfers in	270,630	2,647,316	2,917,946
Transfers out	(2,641,899)	(276,047)	(2,917,946)
Total Other Financing Sources and Uses	<u>(2,367,083)</u>	<u>2,432,725</u>	<u>65,642</u>
Net Changes in Fund Balances	1,524,197	1,496,720	3,020,917
Fund Balances - Beginning	<u>4,864,323</u>	<u>3,053,473</u>	<u>7,917,796</u>
Fund Balances - Ending	<u>\$ 6,388,520</u>	<u>4,550,193</u>	<u>10,938,713</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, 2021

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 3,020,917
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of \$1,170,991 exceeded capital outlays of \$889,968 in the current period.	(281,023)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$39,957 and the proceeds from the sale of \$ 65,642 in the current period.	(25,685)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	9,604
Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	3,066
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount of debt repayments of \$261,200.	261,200
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of decrease in compensated absences liability.	53,886
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period.	(717,094)
Recording of contributions made during the year.	<u>477,338</u>
Change in Net Position of Governmental Activities	\$ <u>2,802,209</u>

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

CHOCTAW COUNTY  
Statement of Fiduciary Net Position  
September 30, 2021

Exhibit 5

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 6,888
Total Assets	<u>6,888</u>
 NET POSITION	
Restricted for:	
Individuals, organizations and other governments	6,888
Total Net Position	<u>\$ 6,888</u>

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

CHOCTAW COUNTY  
Statement of Changes in Fiduciary Net Position  
For the Year Ended September 30, 2021

Exhibit 6

	<u>Custodial Funds</u>
ADDITIONS	
Tax collections for other governments	\$ 8
Licenses and fees collected for State	<u>105,476</u>
Total Additions	<u>105,484</u>
DEDUCTIONS	
Payments of other taxes and fees to other governments	4
Payments of licenses and fees to State	<u>109,373</u>
Total Deductions	<u>109,377</u>
Net increase (decrease) in fiduciary net position	(3,893)
Net Position - Beginning	<u>10,781</u>
Net Position - Ending	<u>\$ 6,888</u>

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

# CHOCTAW COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2021

### (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
- Choctaw County Library System

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 Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

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

CHOCTAW COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2021

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 even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

The Government-wide and Fiduciary 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.

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 Fund:

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPE

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

FIDUCIARY FUND TYPE

Custodial Funds - Custodial Funds are used to report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

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.

CHOCTAW COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2021

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

Cash includes cash on hand, demand deposits, and all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the County did not invest in any governmental securities during the fiscal year.

F. Receivables.

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

G. Interfund Transactions and Balances.

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

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

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

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

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

CHOCTAW COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2021

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 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 an inflow of resources (revenue) until that time.

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

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

Unavailable revenue – accounts receivable - When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time 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. Long-term Liabilities.

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

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

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

K. Pensions.

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

CHOCTAW COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2021

- L. Investments are reported at fair value.  
Compensated Absences.

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

- M. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (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.

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

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

## CHOCTAW COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2021

#### Fund Balance Flow Assumption:

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

#### N. Property Tax Revenues:

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

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

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

#### O. Intergovernmental Revenues in Governmental Funds.

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

#### P. Changes in Accounting Standards.

The Governmental Accounting Standards Board issued GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed one year. The effective dates of GASB 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, were postponed eighteen months.

GASB 84, *Fiduciary Activities*, was implemented during fiscal year 2021. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

CHOCTAW COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2021

(2) Fund Reclassification (Accounting Change).

Effective October 1, 2020, and in accordance with the implementation of GASB Statement No. 84, the Payroll Clearing Fund, previously reported as a Fiduciary Fund, was reclassified and reported in the General Fund. For the Fiduciary Fund Custodial Activities, the County has treated the beginning of year net position of \$10,781 as having been recognized in the period incurred. The County has adjusted beginning net position for their fiduciary activities from \$0 to \$10,781.

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2021, was \$11,960,721, and the bank balance was \$12,507,928. 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, *Mississippi Code of 1972 Annotated*. Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2021:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ <u>15,206</u>

The receivables represent the tax revenue collected in September, 2021, but not settled until October, 2021. 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	\$ 270,630
Other Governmental Funds	General Fund	2,641,899
Other Governmental Funds	Other Governmental Funds	<u>5,417</u>
Total		\$ <u>2,917,946</u>

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

CHOCTAW COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2021

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2021, consisted of the following:

Description	Amount
<b>Governmental Activities:</b>	
Legislative tax credit	\$ 52,143
Motor vehicle fuel tax	34,483
Drug court reimbursement	24,174
Emergency management performance grant	14,779
Privilege tax	7,829
Welfare reimbursement	5,243
Housing prisoners reimbursement	2,569
Timber severance tax	562
Various other grant reimbursements	125
<b>Total Governmental Activities</b>	<b>\$ 141,907</b>

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2021:

**Governmental activities:**

	Balance Oct. 1, 2020	Additions	Deletions	Adjustments*	Balance Sept. 30, 2021
<u>Non-depreciable capital assets:</u>					
Land	\$ 163,963				163,963
Construction in progress	1,935,470	16,557		(352,132)	1,599,895
<b>Total non-depreciable capital assets</b>	<b>2,099,433</b>	<b>16,557</b>	<b>0</b>	<b>(352,132)</b>	<b>1,763,858</b>
<u>Depreciable capital assets:</u>					
Infrastructure	85,011,098			352,132	85,363,230
Buildings	2,564,541				2,564,541
Improvements other than buildings	1,376,065				1,376,065
Mobile equipment	9,615,243	873,411	196,387	29,579	10,321,846
Furniture and equipment	908,330				908,330
Leased property under capital leases	29,579			(29,579)	
<b>Total depreciable capital assets</b>	<b>99,504,856</b>	<b>873,411</b>	<b>196,387</b>	<b>352,132</b>	<b>100,534,012</b>
<u>Less accumulated depreciation for:</u>					
Infrastructure	55,495,935	326,457			55,822,392
Buildings	888,288	47,762			936,050
Improvements other than buildings	797,186	55,043			852,229
Mobile equipment	6,608,613	700,192	170,702	26,621	7,164,724
Furniture and equipment	779,971	41,537			821,508
Leased property under capital leases	26,621			(26,621)	
<b>Total accumulated depreciation</b>	<b>64,596,614</b>	<b>1,170,991</b>	<b>170,702</b>	<b>0</b>	<b>65,596,903</b>
<b>Total depreciable capital assets, net</b>	<b>34,908,242</b>	<b>(297,580)</b>	<b>25,685</b>	<b>352,132</b>	<b>34,937,109</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 37,007,675</b>	<b>(281,023)</b>	<b>25,685</b>	<b>0</b>	<b>36,700,967</b>

CHOCTAW COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2021

\*Adjustments are to reflect certain routine reclassifications of completed construction in progress to infrastructure and to reclassify paid-off capital leases.

Depreciation expense was charged to the following functions:

	<u>Amount</u>
<b>Governmental activities:</b>	
General government	\$ 69,195
Public safety	192,797
Public works	<u>908,999</u>
 Total governmental activities depreciation expense	 \$ <u><u>1,170,991</u></u>

Commitments with respect to unfinished capital projects at September 30, 2021, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Bridge Project LSBP 10(13)	\$ 23,000	02/2023
Bridge Project LSBP 10(14)	27,800	11/2023
State Aid Project SAP 10 52	24,200	02/2022
Bridge Project STPBR 0723 (9)B	2,000,000	09/2025
Bridge Project LSBP 10(15)	526,500	09/2026

(7) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2021, to January 1, 2022. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

CHOCTAW COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2021

(8) Long-term Debt.

Debt outstanding as of September 30, 2021, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
A. Other Loans:			
2017 Ford Explorer	\$ 919	2.00%	11/2021
Caterpillar Motorgrader	18,619	2.65%	02/2022
International Fire Truck - French Camp	181,654	2.75%	11/2022
Caterpillar Motorgrader	77,552	2.75%	03/2023
2017 Ford Explorer	11,953	3.15%	06/2023
CAP Loan - Fire Truck Union	55,536	3.00%	04/2024
2020 Dodge Durango	18,710	2.65%	04/2024
Simpson Fire Truck	<u>212,710</u>	2.59%	12/2024
Total Other Loans	<u>\$ 577,653</u>		

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

Year Ending September 30	Other Loans	
	Principal	Interest
2022	\$ 197,076	12,058
2023	279,930	4,426
2024	83,635	1,430
2025	<u>17,012</u>	<u>73</u>
Total	<u>\$ 577,653</u>	<u>17,987</u>

Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2021, there is no outstanding debt that is subject to these debt limitations.

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, 2021, \$8,850,000 of bonds outstanding were considered defeased.

CHOCTAW COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2021

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2021:

	Balance <u>Oct. 1, 2020</u>	Reductions	Balance <u>Sept. 30, 2021</u>	Amount due within one year
<b>Governmental Activities:</b>				
Compensated absences	\$ 68,743	53,886	14,857	
Capital leases	3,119	3,119		
Other loans	<u>835,734</u>	<u>258,081</u>	<u>577,653</u>	<u>197,076</u>
Total	<u>\$ 907,596</u>	<u>315,086</u>	<u>592,510</u>	<u>197,076</u>

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

(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 *Mississippi Code of 1972 Annotated* Section 25-11-1 et seq. 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.

CHOCTAW COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2021

Contributions. At September 30, 2021, 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, 2021 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2021, 2020 and 2019 were \$477,338, \$449,513 and \$386,629, respectively, equal to the required contributions for each year.

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

At September 30, 2021, the County reported a liability of \$6,024,506 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021 net pension liability was 0.040760 percent, which was based on a measurement date of June 30, 2021. This was an increase of 0.002913 percent from its proportionate share used to calculate the September 30, 2020 net pension liability, which was based on a measurement date of June 30, 2020.

For the year ended September 30, 2021, the County recognized pension expense of \$717,094. At September 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 93,368	
Net difference between projected and actual earnings on pension plan investments		1,922,546
Changes of assumptions	461,252	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	569,587	
County contributions subsequent to the measurement date	<u>120,696</u>	
Total	<u>\$ 1,244,903</u>	<u>1,922,546</u>

\$120,696 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending September 30</u>	<u>Amount</u>
2022	\$ (21,610)
2023	(71,691)
2024	(164,376)
2025	<u>(540,662)</u>
Total	<u>\$ (798,339)</u>

CHOCTAW COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2021

Actuarial Assumptions. The total pension liability as of June 30, 2021 was determined by an actuarial valuation prepared as of June 30, 2020, by the new actuarial assumptions adopted by the Board subsequent to the June 30, 2020, valuation based on the experience investigation for the four-year period ending June 30, 30 2020, and by the investment experience for the fiscal year ending June 30, 2021. The following actuarial assumptions are applied to all periods in the measurement:

Inflation	2.40 percent
Salary increases	2.65 – 17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 100% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the total pension liability were based on the results of an actuarial experience study for the four-year period from July 1, 2016 to June 30, 2020. The experience report is dated April 20, 2021.

The long-term expected rate of return on pension plan investments was determined using a lognormal 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 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27.00 %	4.60 %
International Equity	22.00	4.50
Global Equity	12.00	4.80
Fixed Income	20.00	(0.25)
Real Estate	10.00	3.75
Private Equity	8.00	6.00
Cash Equivalents	<u>1.00</u>	<u>(1.00)</u>
Total	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.55 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 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.

CHOCTAW COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2021

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 7.55 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.55 percent) or 1-percentage-point higher (8.55 percent) than the current rate:

	1% Decrease <u>(6.55%)</u>	Current Discount Rate <u>(7.55%)</u>	1% Increase <u>(8.55%)</u>
County's proportionate share of the net pension liability	\$ 8,532,113	6,024,506	3,958,039

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

(10) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2021:

<u>Fund</u>	<u>Deficit Amount</u>
E-911 Fund	\$ 1,361
Landfill / Solid Waste Fund	5,582

(11) Contingencies.

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

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

(12) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of \$(155,413) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$120,696 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, 2022. The \$1,124,207 balance of the deferred outflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next three years. The \$1,922,546 balance of the deferred inflows of resources related to pensions at September 30, 2021, will be recognized in pension expense over the next four years.

CHOCTAW COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2021

(13) Joint Venture.

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, Louisville, Macon, Starkville and West Point in a joint venture authorized by *Section 17-17-307, Mississippi Code of 1972 Annotated*, to operate the Golden Triangle Regional Solid Waste Management Authority. The joint venture was created to provide a regional disposal site for solid waste on behalf of the Solid Waste Authority. The Choctaw County Board of Supervisors appoints one of the 38 members of the board of directors. Choctaw County did not appropriate any funds to the organization in fiscal year 2021. Complete financial statements for the Golden Triangle Regional Solid Waste Management Authority can be obtained from Golden Triangle Planning and Development District, P.O. Box 828, Starkville, Mississippi 39760-0828.

(14) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Choctaw County Board of Supervisors appoints two of the 22 members of the college board of trustees. The County appropriated \$400,428 for maintenance and support of the college in fiscal year 2021.

The Golden Triangle Planning and Development District operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Choctaw County Board of Supervisors appoints four of the 28 members of the board of directors. The County appropriated \$25,000 for support of the district in fiscal year 2021.

The Mississippi Regional Housing Authority IV operates in a district composed of the Counties of Choctaw, Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster and Winston. The Choctaw County Board of Supervisors appoints one of the nine board members. The 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 2021.

Prairie Opportunity, Inc. operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Choctaw County Board of Supervisors appoints one of the 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.

(15) Tax Abatements.

As of September 30, 2021, Choctaw County provides tax exempt status to one manufacturing company subject to the requirements of GASB Statement No. 77. This manufacturing company is exempt from personal property taxes except for levies involving the school; the mandatory mill, fire protection, county refunding bond and community college tax levies. These exemptions are authorized under *Sections 27-31-101 and 27-31-105, Mississippi Code of 1972 Annotated*. These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2021 for Choctaw County totaled \$59,737.

CHOCTAW COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2021

(17) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the Statement of Net Position date, require disclosure in the accompanying notes. Management of Choctaw County evaluated the activity of the County through April 13, 2026, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2021, the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/08/2021	1.75%	\$ 75,030	Other loan	Ad valorem taxes
04/01/2022	2.70%	43,999	Other loan	Ad valorem taxes
05/06/2022	2.65%	57,030	Other loan	Ad valorem taxes
05/20/2022	2.90%	47,319	Other loan	Ad valorem taxes
06/17/2022	3.00%	22,150	Other loan	Ad valorem taxes
10/27/2022	4.10%	151,822	Other loan	Ad valorem taxes
11/04/2022	4.40%	225,000	Other loan	Ad valorem taxes
11/16/2022	4.40%	225,000	Other loan	Ad valorem taxes
05/28/2024	5.75%	133,869	Other loan	Ad valorem taxes
05/28/2024	5.75%	102,830	Other loan	Ad valorem taxes
05/28/2024	5.75%	220,030	Other loan	Ad valorem taxes
05/28/2024	5.75%	50,030	Other loan	Ad valorem taxes
05/31/2024	5.75%	51,595	Other loan	Ad valorem taxes
07/03/2024	5.75%	97,000	Other loan	Ad valorem taxes
07/03/2024	5.75%	179,179	Other loan	Ad valorem taxes
07/03/2024	5.75%	174,180	Other loan	Ad valorem taxes
10/18/2024	5.75%	79,160	Other loan	Ad valorem taxes
03/07/2025	5.25%	200,020	Other loan	Ad valorem taxes
03/14/2025	5.25%	24,719	Other loan	Ad valorem taxes
05/23/2025	5.25%	231,000	Other loan	Ad valorem taxes
05/23/2025	5.25%	231,000	Other loan	Ad valorem taxes

CHOCTAW COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

CHOCTAW COUNTY

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CHOCTAW COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2021  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 5,945,810	6,213,661	6,213,661	
Licenses, commissions and other revenue	50,470	78,887	78,887	
Fines and forfeitures	53,000	79,506	79,506	
Intergovernmental revenues	250,550	2,841,871	2,841,871	
Charges for services	2,000	24,006	24,006	
Interest income	170,000	145,974	145,974	
Miscellaneous revenues	2,937,476	337,888	337,888	
Total Revenues	<u>9,409,306</u>	<u>9,721,793</u>	<u>9,721,793</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,542,340	4,022,949	4,022,949	
Public safety	1,347,552	1,491,031	1,491,031	
Public works	3,920	5,563	5,563	
Health and welfare	104,784	111,126	111,126	
Culture and recreation	135,000	135,070	135,070	
Conservation of natural resources	87,444	60,292	60,292	
Economic development and assistance	25,000	25,000	25,000	
Debt service:				
Principal		8,628	8,628	
Interest	200	101	101	
Total Expenditures	<u>7,246,240</u>	<u>5,859,760</u>	<u>5,859,760</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>2,163,066</u>	<u>3,862,033</u>	<u>3,862,033</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets		4,186	4,186	
Transfers in		270,630	270,630	
Transfers out	2,470,000	(2,641,899)	(2,641,899)	
Total Other Financing Sources and Uses	<u>2,470,000</u>	<u>(2,367,083)</u>	<u>(2,367,083)</u>	<u>0</u>
Net Change in Fund Balance	4,633,066	1,494,950	1,494,950	0
Fund Balances - Beginning	<u>9,905,631</u>	<u>4,875,538</u>	<u>4,875,538</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 14,538,697</u>	<u>6,370,488</u>	<u>6,370,488</u>	<u>0</u>

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

CHOCTAW COUNTY  
Schedule of the County's Proportionate Share of the Net Pension Liability  
Last 10 Fiscal Years\*  
For the Year Ended September 30, 2021  
UNAUDITED

	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.040760%	0.037847%	0.035779%	0.036272%	0.033700%	0.032322%	0.031250%	0.029446%
County's proportionate share of the net pension liability (asset) \$	6,024,506	7,326,738	6,294,231	6,033,110	5,602,083	5,773,517	4,830,634	3,574,205
Covered payroll \$	2,710,106	2,520,138	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	222.30%	290.73%	267.53%	258.85%	253.88%	279.22%	244.32%	202.45%
Plan fiduciary net position as a percentage of the total pension liability	70.44%	58.97%	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 County Contributions  
Last 10 Fiscal Years\*  
For the Year Ended September 30, 2021  
UNAUDITED

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 477,338	449,513	386,629	371,883	351,652	338,133	311,399	278,064
Contributions in relation to the contractually required contribution	<u>477,338</u>	<u>449,513</u>	<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>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 2,743,325	2,583,409	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	17.40%	17.40%	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.

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

CHOCTAW COUNTY

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CHOCTAW COUNTY

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2021  
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 and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Type
	General Fund
Budget (Cash Basis)	\$ 1,494,950
Increase (Decrease)	
Net adjustments for revenue accruals	29,129
Net adjustments for expenditure accruals	118
GAAP Basis	\$ 1,524,197

CHOCTAW COUNTY

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2021  
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 assumptions 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 6.00% to 7.00%.

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.

For females, 115% of female rates at all ages.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

## CHOCTAW COUNTY

### Notes to the Required Supplementary Information For the Year Ended September 30, 2021 UNAUDITED

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%.

#### 2021

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.

For females, 84% of female rates up to age 72, 100% for ages above 76.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:

For males, 134% of male rates at all ages.

For females, 121% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The expectation of contingent annuitant mortality was based on the PubS.H-2010(B)

Contingent Annuitant Table with the following adjustments:

For males, 97% of male rates at all ages.

For females, 110% of female rates at all ages.

Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 2.75% to 2.40%.

The wage inflation assumption was reduced from 3.00% to 2.65%.

The investment rate of return assumption was changed from 7.75% to 7.55%.

The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.

The percentage of active member deaths assumed to be in the line of duty was decrease from 6% to 4%.

#### 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.

CHOCTAW COUNTY

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2021  
UNAUDITED

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, 2019 valuation for the June 30, 2021 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	28.8 years
Asset valuation method	5-year smoothed market
Price Inflation	2.75 percent
Salary increase	3.00 percent to 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

CHOCTAW COUNTY

SUPPLEMENTARY INFORMATION

CHOCTAW COUNTY

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CHOCTAW COUNTY  
 Reconciliation of Operating Costs of Solid Waste  
 For the Year Ended September 30, 2021

Operating Expenditures, Cash Basis:

Salaries	\$	435,633
Expendable Commodities:		
Gasoline and petroleum products		69,952
Repair parts		37,503
Solid waste disposal fee		165,403
Insurance on equipment		300
Supplies (includes equipment under the capitalization thresholds)		<u>75,906</u>
Solid Waste Cash Basis Operating Expenditures		784,697
Full Cost Expenses:		
Indirect administrative costs		27,697
Depreciation on equipment		101,793
Net effect of other accrued expenses		<u>111</u>
Solid Waste Full Cost Operating Expenses	\$	<u><u>914,298</u></u>

CHOCTAW COUNTY

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CHOCTAW COUNTY

OTHER INFORMATION

CHOCTAW COUNTY

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CHOCTAW COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2021  
UNAUDITED

Name	Position	Company	Bond
Joey Stephenson	Supervisor District 1	Travelers Casualty and Surety Company	\$100,000
Greg Fondren	Supervisor District 2	Travelers Casualty and Surety Company	\$100,000
Chris McIntire	Supervisor District 3	Travelers Casualty and Surety Company	\$100,000
John Shoemaker	Supervisor District 4	Travelers Casualty and Surety Company	\$100,000
Mark Bruce	Supervisor District 5	Travelers Casualty and Surety Company	\$100,000
Steve Montgomery	Chancery Clerk	Travelers Casualty and Surety Company	\$100,000
Steve Montgomery	Purchase Clerk	Travelers Casualty and Surety Company	\$100,000
Brenton McKnight	Receiving Clerk	Travelers Casualty and Surety Company	\$75,000
Jalisa Lee	Inventory Control Clerk	Travelers Casualty and Surety Company	\$75,000
Amy Burdine	Circuit Clerk	Travelers Casualty and Surety Company	\$100,000
Lynda Miles	Deputy Circuit Clerk	Travelers Casualty and Surety Company	\$50,000
Pamela Perry	Deputy Circuit Clerk	Travelers Casualty and Surety Company	\$50,000
Roy Carter	Constable	Travelers Casualty and Surety Company	\$50,000
Thomas Raybourn	Constable	Travelers Casualty and Surety Company	\$50,000
Brandon Busby	Sheriff	Travelers Casualty and Surety Company	\$100,000
Teresa Weeks	Justice Court Judge	Travelers Casualty and Surety Company	\$50,000
William Stephenson	Justice Court Judge	Travelers Casualty and Surety Company	\$50,000
Heather Woods	Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Dianne P. Chancellor	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Lori Kerr	Tax Assessor-Collector	Travelers Casualty and Surety Company	\$100,000
Josh Miles	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Lisa Algood	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000
Sedgie Taylor	Deputy Tax Collector	Travelers Casualty and Surety Company	\$50,000

CHOCTAW COUNTY

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CHOCTAW COUNTY

SPECIAL REPORTS

CHOCTAW COUNTY

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
SHAD WHITE  
AUDITOR**

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

Members of the Board of Supervisors  
Choctaw County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Choctaw County, Mississippi (the County), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 13, 2026. 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. Additionally, our report includes a qualified opinion on the General Fund because the County did not maintain and preserve adequate subsidiary records documenting the existence and valuation of the Justice Court fines receivable, net, and the aging of these receivables at September 30, 2021.

**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 certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2021-001 and 2021-002 that we consider to be material weaknesses.

## **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 April 13, 2026, included within this document.

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

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

## **Purpose of this Report**

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



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

April 13, 2026



**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
SHAD WHITE  
AUDITOR**

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

Members of the Board of Supervisors  
Choctaw County, Mississippi

We have examined Choctaw County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, *Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with bid requirements of Section 31-7-13, *Mississippi Code of 1972 Annotated* during the year ended September 30, 2021. The Board of Supervisors of Choctaw County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our findings and recommendations and your responses are disclosed below:

**Board of Supervisors and Inventory Control Clerk.**

1. The Inventory Control Clerk should be bonded as required by state law.

**Repeat Finding** Yes

**Criteria** *Section 31-7-124, Mississippi Code of 1972 Annotated*, requires each Inventory Control Clerk to execute a bond in a penalty not less than \$75,000 to be payable, conditioned and approved as provided by law. In addition, *Section 25-1-15(2), Mississippi Code of 1972 Annotated*, requires a new bond to be secured every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

**Condition** As reported in the prior four years' audit reports, the Inventory Control Clerk was bonded for an indefinite period of time.

**Cause** The County did not comply with state laws.

**Effect** Failure to comply with state laws could limit the amount available for recovery if a loss occurred.

**Recommendation** The County should implement procedures to ensure that the Inventory Control Clerk is bonded as required by state law.

**Views of Responsible Official(s)** This has been corrected.

**Purchase Clerk.**

2. The Purchase Clerk shall be responsible for the maintenance of the central purchasing system of the County.

**Repeat Finding** No

**Criteria** *Section 31-7-103, Mississippi Code of 1972 Annotated*, requires a purchase requisition, purchase order, and receiving report for all purchases of more than One Thousand Five Hundred Dollars (\$1,500.00) in the aggregate. Further, the Purchase Clerk is required to maintain the central purchasing system of the County.

**Condition** During our testing of 25 invoices for compliance with the central purchasing system requirements, the following deficiencies were noted:

- a. No purchasing documents were available for 14 purchases totaling \$555,500.
- b. The receiving reports for 13 purchases totaling \$546,250 were not signed by an authorized receiving clerk.

**Cause** The Purchase Clerk did not comply with state law.

**Effect** Failure to follow state purchasing laws and requirements could result in unauthorized purchases and the loss or misuse of public funds.

**Recommendation** The Purchase Clerk should ensure that purchasing documents are properly completed and retained for audit purposes.

**Views of Responsible Official(s)** We have put in place a better records policy.

3. Public officials should ensure compliance with state law over purchases.

**Repeat Finding** Yes

**Criteria** *Section 31-7-13, Mississippi Code of 1972 Annotated*, states, "Purchases which involve an expenditure of more than \$5,000 but not more than \$50,000, exclusive of freight and shipping charges, may be made from the lowest and best bidder without publishing or posting advertisement for bids, provided at least two competitive written bids have been obtained."

**Condition** As reported in the prior year's audit report, it was noted that purchases were made without obtaining written quotes or bids.

<b>Cause</b>	The Purchase Clerk did not comply with state law.
<b>Effect</b>	Failure to obtain two competitive written bids for purchases over \$5,000 could result in the misuse of public funds.
<b>Recommendation</b>	The Purchase Clerk should ensure that two competitive written quotes are obtained for purchases over \$5,000, as required by state law.
<b>Views of Responsible Official(s)</b>	Corrective actions have been made.

**Board of Supervisors and Receiving Clerk.**

4. The Receiving Clerk should be bonded as required by state law.

<b>Repeat Finding</b>	Yes
<b>Criteria</b>	<i>Section 31-7-124, Mississippi Code of 1972 Annotated</i> , requires the receiving clerk to execute a bond in a penalty not less than \$75,000 to be payable, conditioned and approved as provided by law. In addition, <i>Section 25-1-15(2), Mississippi Code of 1972 Annotated</i> , requires a new bond to be secured every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.
<b>Condition</b>	As reported in the prior four years' audit reports, the Receiving Clerk was bonded for an indefinite period of time.
<b>Cause</b>	The County did not comply with state laws.
<b>Effect</b>	Failure to comply with state laws could limit the amount available for recovery if a loss occurred over multiple terms.
<b>Recommendation</b>	The County should implement procedures to ensure that the Receiving Clerk is bonded as required by state law.
<b>Views of Responsible Official(s)</b>	We have corrected.

In our opinion, because of the noncompliance referred to in the preceding paragraph, Choctaw County, Mississippi, did not comply, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2021.

Choctaw County's purchasing system was not in compliance with state laws governing central purchasing for fiscal year 2021. The system was retested and as of November 6, 2025, Choctaw County was in compliance with the aforementioned requirements.

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, *Mississippi Code of 1972 Annotated*. The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination and, in our opinion, is fairly presented in relation to that examination.

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

This report is intended 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.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

April 13, 2026

CHOCTAW COUNTY  
Schedule of Purchases From Other Than the Lowest Bidder  
For the Year Ended September 30, 2021

Schedule 1

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

CHOCTAW COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2021

Schedule 2

Our tests did not identify any emergency purchases.

CHOCTAW COUNTY

Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2021

Schedule 3

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

CHOCTAW COUNTY

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
SHAD WHITE  
AUDITOR**

**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, 2021, 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 April 13, 2026, 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, *Mississippi Code of 1972 Annotated*, 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 areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

**Board of Supervisors.**

1. Original and final amended budgets should be spread in the board minutes.

**Repeat Finding** No

**Criteria** *Section 19-11-11, Mississippi Code of 1972 Annotated*, requires the Board of Supervisors, to, by resolution, approve and adopt the budget as finally determined and enter the same at length and in detail in its official minutes.

**Condition** The original and final amended budgets for fiscal year 2021 were not documented in detail in the board minutes.

**Cause** The County did not comply with state law.

**Effect** Failure to prepare a budget for all funds and enter the budget in detail on the minutes is a violation of state law.

**Recommendation** The Board of Supervisors should prepare, approve and enter the final amended budget at length in its official minutes each year.

**Views of Responsible Official(s)** This has been corrected.

**Board of Supervisors and Deputy Circuit Clerk.**

2. The Deputy Circuit Clerk should be bonded as required by state law.

**Repeat Finding** No

**Criteria** *Section 9-7-123(2), Mississippi Code of 1972 Annotated*, requires each deputy clerk of the Circuit Court to execute a bond for not less than \$50,000 nor more than \$100,000 to be payable, conditioned and approved as provided by law. In addition, *Section 25-1-15(2), Mississippi Code of 1972 Annotated*, requires a new bond to be secured every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

**Condition** The Deputy Circuit Clerk was bonded for an indefinite period of time.

**Cause** The County did not comply with state laws.

**Effect** Failure to comply with state laws could limit the amount available for recovery if a loss occurred over multiple terms.

**Recommendation** The County should ensure that the Deputy Circuit Clerk is bonded in accordance with state laws.

**Views of Responsible Official(s)** This will be fixed as soon as possible.

**Board of Supervisors, Justice Court Clerk and Deputy Justice Court Clerk.**

3. The Justice Court Clerk and Deputy Justice Court Clerk should be bonded as required by state law.

**Repeat Finding** No

**Criteria** *Section 9-11-29(2), Mississippi Code of 1972 Annotated*, requires the Justice Court Clerk and deputies to execute bond for \$50,000 to be payable, conditioned and approved as provided by law. In addition, *Section 25-1-15(2), Mississippi Code of 1972 Annotated*, requires a new bond to be secured every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

**Condition** The Justice Court Clerk and Deputy Justice Court Clerk were bonded for an indefinite period of time.

**Cause** The County did not comply with state laws.

**Effect** Failure to comply with state laws could limit the amount available for recovery if a loss occurred over multiple terms.

**Recommendation** The County should ensure that the Justice Court Clerk and Deputy Justice Court Clerk are bonded as required by state laws.

**Views of Responsible Official(s)** This has been corrected.

**Board of Supervisors and Deputy Tax Collectors.**

4. The Deputy Tax Collectors should be bonded as required by state law.

**Repeat Finding** Yes

**Criteria** *Section 27-1-9(a), Mississippi Code of 1972 Annotated*, state that each Deputy Tax Collector to execute a bond for Fifty Thousand dollars (\$50,000) to be payable, conditioned and approved as provided by law. In addition, *Section 25-1-15(2), Mississippi Code of 1972 Annotated*, requires a new bond to be secured every four years concurrent with the normal election cycle of the County for all public employees required to give individual bond.

**Condition** As reported in the prior four years' audit reports, the Deputy Tax Collectors were bonded for an indefinite period of time.

**Cause** The County did not comply with state law.

**Effect** Failure to comply with state laws could limit the amount available for recovery if a loss occurred over multiple terms.

**Recommendation** The County should ensure that each Deputy Tax Collector is bonded as required by state laws.

**Views of Responsible Official(s)** This has been corrected.

**Chancery Clerk.**

5. The Chancery Clerk claimed unallowable expenses on the Annual Financial Report.

**Repeat Finding** No

**Criteria** *Section 9-1-43(1), Mississippi Code of 1972 Annotated*, limits the compensation of the Chancery Clerk to \$94,500 after making deductions for employee salaries and related salary expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. A business expense must be adequately documented and both ordinary and necessary to be deductible. All fees received in excess of this amount, less any allowable expenses, are to be deposited by the Clerk into the County's General Fund on or before April 15th for the preceding calendar year.

**Condition** Based on test work performed, it was noted that several of the Clerk's expenses lacked the appropriate documentation and were therefore unallowable on the 2021 Annual Financial Report.

**Cause** The Chancery Clerk did not comply with state law.

**Effect** Failure to claim only allowable expenses on the Annual Financial Report resulted in additional over the salary cap fees being owed to the County's General Fund in the amount of \$9,363.

**Recommendation** The Chancery Clerk should settle the additional over the salary cap fees to the County's General Fund and ensure that only allowable expenses are claimed on the Annual Financial Report.

**Views of Responsible Official(s)** The \$9,363 has been settled to the Board of Supervisors.

**Auditor's Note** The Chancery Clerk settled \$9,363 to the County's General Fund on November 12, 2025, as evidenced by receipt warrant number 2025 0053.

**Justice Court Clerk.**

6. The Justice Court Clerk should strengthen internal control over segregation of duties.

**Repeat Finding** Yes

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

**Condition** As reported in the prior four years' audit reports, we noted that cash collection and disbursement functions were not adequately separated for effective internal control. The Justice Court Clerk receipts collections, makes deposits, calculates the monthly settlements, and disburses funds.

**Cause** The Justice Court Clerk has not established a system of internal control with adequate segregation of duties.

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

**Recommendation** The Justice Court Clerk ensure that there is an adequate segregation of duties in the collection, deposit, recording, settling and reconciling functions within the office.

**Views of Responsible Official(s)** We will work on addressing the issues.

**Solid Waste Clerk.**

7. Internal controls over solid waste functions should be strengthened.

**Repeat Finding** No

**Criteria** An effective system of internal control over the function of solid waste collections should include an adequate segregation of duties.

**Condition** During our test work, we noted that cash collection and disbursement functions were not adequately separated for effective internal control. The Solid Waste Clerk receipts collections, makes deposits, calculates the monthly settlements, reconciles the bank statements and disburses funds.

**Cause** The Solid Waste Department has not established a system of internal control with adequate segregation of duties concerning the collection, deposit, recording, settling and reconciling.

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

**Recommendation** The Solid Waste Clerk should ensure that there is an adequate segregation of duties in the collection, deposit, recording, settling and reconciling.

**Views of Responsible Official(s)** I will try to comply.

**Tax Assessor-Collector.**

8. The Tax Assessor-Collector should devote full time to office.

**Repeat Finding** No

**Criteria** *Section 27-1-25, Mississippi Code of 1972 Annotated*, states that the county assessor shall devote his entire time to duties of his office. The office of the assessor shall be open for business at all such times as other county offices within the county are required, pursuant to *Section 25-1-99, Mississippi Code of 1972*, to be open for business and, except when necessarily absent on official business, the assessor, or his deputy, shall remain in the assessor's office during the time the office is open for business.

**Condition** While conducting the audit we noted that the Tax Assessor-Collector was closing the office between the hours of 12:00 pm to 1:00 pm while other county offices were open for business.

**Cause** The County did not comply with state law.

**Effect** Failure to open for business at all such times as other county offices is a violation of state law.

**Recommendation** The Tax Assessor-Collector should open for business as required by state law.

**Views of Responsible Official(s)** We are open during lunch now.

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

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity, 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.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

April 13, 2026

CHOCTAW COUNTY

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CHOCTAW COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

CHOCTAW COUNTY

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CHOCTAW COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2021

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  | Qualified     |
| Aggregate remaining fund information                            | Unmodified    |
| 2. Internal control over financial reporting:                   |               |
| a. Material weaknesses identified?                              | Yes           |
| b. Significant deficiency identified?                           | None Reported |
| 3. Noncompliance material to the financial statements noted?    | No            |

Section 2: Financial Statement Findings

**Justice Court Clerk.**

**Material Weakness**

**2021-001.**            The Justice Court Clerk should ensure effective controls over fines receivable.

**Repeat Finding**      Yes

**Criteria**              An effective system of internal control over fines receivable records should include maintaining adequate subsidiary records to substantiate the total fines receivable balance.

**Condition**            As reported in the prior year's audit report, management did not maintain adequate subsidiary records documenting the existence and valuation of fines receivable for the Justice Court fines and aging of fines receivable as of September 30, 2021.

**Cause**                 The Justice Court Clerk lacked adequate internal controls over fines receivable.

**Effect**                 The Independent Auditor's Report includes a qualified opinion on the General Fund because we were unable to satisfy ourselves as to the fair presentation of the Justice Court fines receivable.

**Recommendation**    The Justice Court Clerk should implement procedures to ensure documentation of the existence and valuation of the Justice Court fines receivable, including the aging schedule of fines receivable.

**Views of Responsible Official(s)**      This issue has been fixed.

CHOCTAW COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2021

**Tax Assessor-Collector.**

**Material Weakness**

**2021-002.** Controls over Tax Assessor-Collector's cash journal and bank reconciliations should be strengthened.

**Repeat Finding** Yes

**Criteria** An effective system of internal control over the collection, recording, and disbursement of cash in the Tax Assessor-Collector's office should include proper maintenance of a cash journal and the reconciliation of the bank account to the cash journal monthly.

**Condition** As reported in the prior year's audit report, during test work, it was noted that the Tax Assessor-Collector was unable to reconcile the bank account to the cash journal. The distribution of cash at September 30, 2021 reflected an unidentified overage of \$123,650.

**Cause** The Tax Assessor-Collector lacked the necessary internal controls over cash.

**Effect** Failure to properly maintain the cash journal and reconcile the bank account could result in incorrect settlements and the loss of public funds.

**Recommendation** The Tax Assessor-Collector should ensure that the cash journal is properly maintained and that the bank statements are accurately reconciled to the cash journal. Any discrepancies that arise should be reviewed and corrected in the same month, which will prevent mistakes and errors from being carried forward.

**Views of Responsible Official(s)** This has been corrected.