

ATTALA COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2022



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 15, 2025

Members of the Board of Supervisors
Attala County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2022 financial and compliance audit report for Attala 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 Attala County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Attala 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

ATTALA COUNTY
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ATTALA COUNTY

FINANCIAL SECTION

ATTALA 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
Attala County, Mississippi

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Attala County, Mississippi, (the County) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Qualified Opinion on General Fund

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 as described in the Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the General Fund of Attala County, Mississippi, as of September 30, 2022, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Montfort Jones Memorial Hospital Lease Fund, American Rescue Act Fund, and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, Montfort Jones Memorial Hospital Lease Fund, American Rescue Act Fund, and the aggregate remaining fund information of Attala County, Mississippi, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions.

Matters Giving Rise to Qualified Opinion on 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 receivable aging schedules at September 30, 2022. 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 on in the General Fund at \$219,206, as of September 30, 2022. 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood, that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Omission of Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Surety Bonds for County Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2025 on our consideration of Attala County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Attala County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Attala County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 15, 2025

ATTALA COUNTY

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ATTALA COUNTY

FINANCIAL STATEMENTS

ATTALA COUNTY

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ATTALA COUNTY
Statement of Net Position
September 30, 2022

Exhibit 1

	Primary Government
	Governmental
	Activities
ASSETS	
Cash	\$ 28,510,457
Restricted assets - cash	1,000,000
Restricted assets - investments	2,479,932
Property tax receivable	7,427,387
Accounts receivable (net of allowance for uncollectibles of \$16,867,499)	0
Fines receivable (net of allowance for uncollectibles of \$975,554)	219,206
Lease receivable	4,716,860
Intergovernmental receivables	367,507
Capital assets:	
Land and construction in progress	3,729,357
Other capital assets, net	24,423,251
Total Assets	72,873,957
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,153,098
Total Deferred Outflows of Resources	1,153,098
LIABILITIES	
Claims payable	607,460
Intergovernmental payables	412,027
Accrued interest payable	167,099
Unearned revenue	3,530,086
Amounts held in custody for others	213,049
Long-term liabilities	
Due within one year:	
Capital debt	416,485
Non-capital debt	219,266
Due in more than one year:	
Capital debt	4,444,951
Non-capital debt	3,486,189
Net pension liability	10,092,158
Total Liabilities	23,588,770
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	193,217
Deferred inflows related to leases	4,617,470
Deferred revenues - property taxes	7,427,387
Total Deferred Inflows of Resources	12,238,074
NET POSITION	
Net investment in capital assets	23,291,172
Restricted for:	
Expendable:	
General government	3,342,031
Public safety	1,752,378
Public works	8,377,786
Health and welfare	2,142,039
Debt service	2,549,573
Unemployment compensation	51,998
Unrestricted	(3,306,766)
Total Net Position	\$ 38,200,211

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

ATTALA COUNTY
Statement of Activities
For the Year Ended September 30, 2022

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	\$ 2,970,327	518,083	361,723		(2,090,521)
Public safety	2,690,008	217,173	1,064,035		(1,408,800)
Public works	4,159,043		2,971,631	803,077	(384,335)
Health and welfare	242,814	2,107	33,065		(207,642)
Culture and recreation	134,930	4,667			(130,263)
Conservation of natural resources	91,742				(91,742)
Economic development and assistance	800,544			1,850,000	1,049,456
Interest on long-term debt	441,087				(441,087)
Pension expense	1,133,452				(1,133,452)
Total Governmental Activities	\$ 12,663,947	742,030	4,430,454	2,653,077	(4,838,386)
General revenues:					
Property taxes				\$	8,523,417
Road & bridge privilege taxes					248,575
Grants and contributions not restricted to specific programs					115,501
Unrestricted interest income					60,608
Miscellaneous					1,298,359
Total General Revenues					10,246,460
Changes in Net Position					5,408,074
Net Position - Beginning, as previously reported					37,842,540
Prior period adjustment					(5,050,403)
Net Position - Beginning, as restated					32,792,137
Net Position - Ending				\$	38,200,211

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

	Major Funds				Total
	General Fund	Montfort Jones Memorial Hospital Lease Fund	American Rescue Act Fund	Other Governmental Funds	Governmental Funds
ASSETS					
Cash	\$ 9,978,435	1,515,670	3,533,563	13,482,789	28,510,457
Restricted assets - cash	1,000,000				1,000,000
Restricted assets - investments		497,478		1,982,454	2,479,932
Property tax receivable	5,227,056			2,200,331	7,427,387
Accounts receivable (net of allowance for uncollectibles of \$16,867,499)		0			0
Fines receivable (net of allowance for uncollectibles of \$975,554)	219,206				219,206
Lease receivable	6,860	4,710,000			4,716,860
Intergovernmental receivables	207,312			160,195	367,507
Due from other funds				49,959	49,959
Total Assets	\$ 16,638,869	6,723,148	3,533,563	17,875,728	44,771,308
LIABILITIES					
Liabilities:					
Claims payable	\$ 199,009			408,451	607,460
Intergovernmental payables	412,027				412,027
Due to other funds	49,959				49,959
Unearned revenue			3,530,086		3,530,086
Amounts held in custody for others	213,049				213,049
Total Liabilities	874,044	0	3,530,086	408,451	4,812,581
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	5,227,056			2,200,331	7,427,387
Unavailable revenue - fines	219,206				219,206
Leases	6,803	4,610,667			4,617,470
Total Deferred Inflows of Resources	5,453,065	4,610,667	0	2,200,331	12,264,063
Fund balances:					
Restricted for:					
General government	1,000,000		3,477	2,338,554	3,342,031
Public safety				1,752,378	1,752,378
Public works				8,377,786	8,377,786
Health and welfare		2,112,481		29,558	2,142,039
Debt service				2,716,672	2,716,672
Unemployment compensation				51,998	51,998
Unassigned	9,311,760				9,311,760
Total Fund Balances	10,311,760	2,112,481	3,477	15,266,946	27,694,664
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 16,638,869	6,723,148	3,533,563	17,875,728	44,771,308

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

ATTALA COUNTY

Exhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2022

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 27,694,664
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 \$19,190,646.	28,152,608
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	219,206
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(8,566,891)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(10,092,158)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(167,099)
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	1,153,098
Deferred inflows of resources related to pensions	<u>(193,217)</u>
Total Net Position - Governmental Activities	\$ <u>38,200,211</u>

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

ATTALA COUNTY
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2022

Exhibit 4

	Major Funds			Other	Total
	General Fund	Montfort Jones Memorial Hospital Lease Fund	American Rescue Act Fund	Governmental Funds	Governmental Funds
REVENUES					
Property taxes	\$ 6,040,553			2,482,864	8,523,417
Road and bridge privilege taxes				248,575	248,575
Licenses, commissions and other revenue	309,225			4,667	313,892
Fines and forfeitures	221,769			808	222,577
Intergovernmental revenues	4,021,661			3,177,371	7,199,032
Charges for services	21,260	2,107		179,055	202,422
Interest income	8,106	36,847	3,476	12,179	60,608
Miscellaneous revenues	432,996	561,271		285,605	1,279,872
Total Revenues	11,055,570	600,225	3,476	6,391,124	18,050,395
EXPENDITURES					
Current:					
General government	3,571,136			335,815	3,906,951
Public safety	2,565,878			222,871	2,788,749
Public works	174,750			5,308,864	5,483,614
Health and welfare	204,685	4,155			208,840
Culture and recreation	125,476				125,476
Conservation of natural resources	95,445				95,445
Economic development and assistance	119,089			649,672	768,761
Debt service:					
Principal		230,000		398,882	628,882
Interest		264,969		175,923	440,892
Total Expenditures	6,856,459	499,124	0	7,092,027	14,447,610
Excess of Revenues over (under) Expenditures	4,199,111	101,101	3,476	(700,903)	3,602,785
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued				50,220	50,220
Proceeds from sale of capital assets	5,050			46,954	52,004
Transfers in	100,129			3,863,196	3,963,325
Transfers out	(3,845,812)			(117,513)	(3,963,325)
Total Other Financing Sources and Uses	(3,740,633)	0	0	3,842,857	102,224
Net Changes in Fund Balances	458,478	101,101	3,476	3,141,954	3,705,009
Fund Balances - Beginning	9,853,282	2,011,380	1	12,124,992	23,989,655
Fund Balances - Ending	\$ 10,311,760	2,112,481	3,477	15,266,946	27,694,664

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

ATTALA 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, 2022

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 3,705,009
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$2,834,441 exceeded depreciation of \$1,139,514 in the current period.	1,694,927
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 \$18,487 and the proceeds from the sale of \$52,004 in the current period.	(33,517)
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.	3,139
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$628,882 exceeded debt proceeds of \$50,220.	578,662
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 accrued interest payable.	5,211
The amortization of bond discounts.	(5,406)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(1,133,452)
Recording of contributions made during the year	<u>593,501</u>
Change in Net Position of Governmental Activities	\$ <u>5,408,074</u>

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

ATTALA COUNTY
Statement of Fiduciary Net Position
September 30, 2022

Exhibit 5

	Custodial Funds
ASSETS	
Cash	\$ 64,159
Total Assets	\$ <u>64,159</u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	\$ 64,159
Total Net Position	\$ <u>64,159</u>

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

ATTALA COUNTY
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2022

Exhibit 6

	Custodial Funds
ADDITIONS	
Tax collections for other governments	\$ 971,160
Licenses and fees collected for State	332,021
Total Additions	<u>1,303,181</u>
DEDUCTIONS	
Payments of tax to other governments	969,871
Payments of licenses and fees to State	<u>338,971</u>
Total Deductions	<u>1,308,842</u>
Net increase (decrease) in fiduciary net position	(5,661)
Net Position - Beginning	<u>69,820</u>
Net Position - Ending	\$ <u>64,159</u>

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

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Attala County, Mississippi (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Attala County to present these financial statements on the primary government and its component unit which have significant operational or financial relationships with the County. There are no outside organizations that should be included as component units of the County's reporting entity.

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

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

B. Individual Component Unit Disclosures.

Blended Component Unit

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

The Montfort Jones Memorial Hospital (the Hospital) is a legally separate entity that until June 1, 2015 provided health care services primarily to residents of the region. On May 16, 2016, the Attala County Board of Supervisors assumed control of the Hospital by appointing themselves as the Hospital's Board of Trustees. The Hospital's Board of Trustees remains in order to wind down its operations, primarily collecting patient accounts receivable for dates of service prior to June 1, 2015. On April 9, 2015, the County entered into an agreement with Mississippi Baptist Health Systems, Inc. (Baptist) to lease the hospital facilities and transfer the operations effective June 1, 2015. As part of the agreement, Baptist purchased certain assets and assumed certain liabilities of the Hospital. The lease dated June 1, 2015 and maturing May 31, 2036 contains a bargain purchase option which can be exercised, subject to conditions, at any time beginning May 29, 2019 and continuing throughout the lease term. The lease is reported as a lease receivable under generally accepted accounting principles in the United States of America (See Note 8). Additionally, the County issued \$5 million of general obligation bonds for the purpose of liquidating outstanding hospital obligations. The Hospital is not responsible for repayment of these general obligation bonds. The Hospital does not issue separate financial statements.

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

C. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government and its blended component unit. 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.

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.

D. 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.

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

The County reports the following major Governmental Funds:

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

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

American Rescue Act Fund - This fund is used to account for monies received from the American Rescue Plan Act of 2021 (ARPA) that are considered restricted in nature.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUND TYPE

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

E. Account Classifications.

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

F. Deposits and Investments.

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

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

G. Receivables.

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

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

H. Interfund Transactions and Balances.

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

I. Restricted Assets.

Certain assets in the Hospital Bond Proceeds Fund are required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications. These have been reported as restricted assets. The County has set aside \$1,982,454 of general obligations bond proceeds for payments of expenditures incurred by Montfort Jones Memorial Hospital, and for the retirement of the general obligation bonds issued in June 2015.

Certain assets in the Montfort Jones Memorial Hospital Lease Fund are required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications. These have been reported as restricted assets. The county has set aside \$497,478 of funds for payments of expenditures incurred by Montfort Jones Memorial Hospital, and for the retirement of the general obligation bonds issued in May 2011.

The County was required to deposit \$1,000,000 into a bank account with the depository to prevent being charged fees and to access Automated Clearing House (ACH) electronic funds transfers. This cash is restricted for general government purposes until the agreement with the depository is amended to no longer include this requirement.

J. Capital Assets.

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

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

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

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

	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

K. Deferred Outflows/Inflows of Resources.

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

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

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

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

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

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

Deferred inflows related to leases/leases - Deferred inflows of resources measured at the initial value of the lease receivable plus any payments received at or before the commencement of the lease term that relates to future periods.

L. Leases.

The Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases* (GASB 87), to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. GASB 87 was implemented during fiscal year 2022.

The County uses the historical federal prime borrowing rate to calculate the present value of lease payments when the rate implicit in the lease is not known.

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

M. Long-term Liabilities.

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

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

N. Pensions.

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

O. Equity Classifications.

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

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.

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.

P. Property Tax Revenues:

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

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

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

Q. Intergovernmental Revenues in Governmental Funds.

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

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

R. Changes in Accounting Standards.

GASB 87, *Leases*, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments.

(2) Prior Period Adjustment.

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

Exhibit 2 – Statement of Activities – Governmental Activities.

Explanation	Amount
To eliminate capital lease receivable due to the implementation of GASB 87.	\$ <u>(5,050,403)</u>

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2022, was \$29,574,616, and the bank balance was \$28,789,685. 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.

Restricted Assets - Investments:

As provided in *Section 91-13-8, Mississippi Code of 1972 Annotated*, the following investments of the County are handled through a trust indenture between the County and the trustee related to the \$5,000,000 Taxable General Obligation Bonds Series 2015 Montfort Jones Memorial Hospital and the \$6,500,000 Special Obligation Bonds Series 2011 Montfort Jones Memorial Hospital.

Investment balances at September 30, 2022, are as follows:

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value Level</u>	<u>Fair Value</u>	<u>Rating</u>
Federal Prime Obligation Fund	Less than one year	1	\$ <u>2,479,932</u>	AAAm

The County categorizes its fair market value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs include U.S. government and agency securities, foreign government debt, listed equities and money market securities.

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

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

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. Of the County's investment, \$2,479,932 of underlying securities were uninsured, unregistered, and held in trust accounts by the investment's counterparty on behalf of the County, not in the name of the County.

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2022:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ <u>49,959</u>

The receivables represent the tax revenue collected in September, 2022, but not settled until October, 2022. 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	\$ 100,129
Other Governmental Funds	General Fund	3,845,812
Other Governmental Funds	Other Governmental Funds	<u>17,384</u>
Total		\$ <u>3,963,325</u>

The principal purpose of interfund transfers was to provide funds for grant matches, to correct coding errors, and to provide funds for capital outlay. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2022, consisted of the following:

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 190,374
State aid road reimbursement	74,008
Motor vehicle fuel tax	59,597
Privilege Tax	31,739
Various other grant reimbursements	11,789
Total Governmental Activities	<u>\$ 367,507</u>

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2022:

	Balance Oct. 1, 2021	Additions	Deletions	Adjustments*	Balance Sept. 30, 2022
Governmental activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 832,540				832,540
Construction in progress	1,328,867	2,392,152		(824,202)	2,896,817
Total non-depreciable capital assets	<u>2,161,407</u>	<u>2,392,152</u>	<u>0</u>	<u>(824,202)</u>	<u>3,729,357</u>
<u>Depreciable capital assets:</u>					
Infrastructure	23,108,132			561,285	23,669,417
Buildings	7,963,322			262,917	8,226,239
Improvements other than buildings	41,950	35,905			77,855
Mobile equipment	10,390,857	406,384	198,082	559,701	11,158,860
Furniture and equipment	481,526				481,526
Leased property under capital leases	559,701			(559,701)	0
Total depreciable capital assets	<u>42,545,488</u>	<u>442,289</u>	<u>198,082</u>	<u>824,202</u>	<u>43,613,897</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	5,815,406	515,729			6,331,135
Buildings	4,508,088	102,635			4,610,723
Improvements other than buildings	3,118	3,114			6,232
Mobile equipment	7,438,694	497,844	164,565	56,250	7,828,223
Furniture and equipment	394,141	20,192			414,333
Leased property under capital leases	56,250			(56,250)	0
Total accumulated depreciation	<u>18,215,697</u>	<u>1,139,514</u>	<u>164,565</u>	<u>0</u>	<u>19,190,646</u>
Total depreciable capital assets, net	<u>24,329,791</u>	<u>(697,225)</u>	<u>33,517</u>	<u>824,202</u>	<u>24,423,251</u>
Governmental activities capital assets, net	<u>\$ 26,491,198</u>	<u>1,694,927</u>	<u>33,517</u>	<u>0</u>	<u>28,152,608</u>

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

*The adjustments above for leased assets are a result of the implementation of GASB 87. Under the new guidance, leases that were previously reported as capital leases and whereby the asset conveys to the lessee at the conclusion of the lease, are now considered financed purchases. Since these assets are no longer considered leased assets, reclassifications have been made to report them in their respective category. Other adjustments are to reflect certain routine reclassifications of completed construction in progress to infrastructure and buildings.

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental activities:	
General government	\$ 16,568
Public safety	175,164
Public works	860,671
Health and welfare	33,974
Culture and recreation	21,354
Economic development and assistance	<u>31,783</u>
Total governmental activities depreciation expense	\$ <u>1,139,514</u>

Commitments with respect to unfinished capital projects at September 30, 2022, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
State Aid Road - SAP-04(60) Bridge Replacement	\$ 31,686	December 2022
Courthouse Improvements (Phase II)	465,399	March 2023
State Aid Road - ERBR-04(01) Bridge Replacement	1,005,742	June 2023

(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, 2022, to January 1, 2023. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

(8) Leases.

As Lessor:

On November 14, 1994, Attala County entered into a non-cancellable lease agreement with Louisiana Extended Care Centers, Inc. for the lease of certain property to be used for a nursing home for the purpose of safeguarding community health interest and enhancing and promoting the public health and general welfare of its citizens. The lease stipulated that commencing November 1, 1994, the lessee, Louisiana Extended Care Centers, Inc., would pay the maximum amount of rent allowed by the Mississippi Medicaid Commission and, beginning July 1, 1995 and on the first day of July thereafter during the primary term of this lease, that the annual rental will be changed to a figure as allowed by the Medicaid Commission. The term of the primary sublease began on the closing date, November 14, 1994 and ended December 1, 2005. Louisiana Extended Care Centers, Inc. had an option to renew the lease for an additional 10 year period and exercised the option to renew effective January 1, 2006 and ending December 31, 2015 on the same terms and conditions contained in the original lease. On September 8, 2015, the County and the lessee agreed to an additional three year extension, effective January 1, 2016 and ending December 31, 2018, on the same terms and conditions contained in the original lease. On December 3, 2018, the County and the lessee agreed to an additional three year extension, effective January 1, 2019 and ending December 31, 2021, on the same terms and conditions contained in the original lease. Additionally, on December 6, 2021, the County and the lessee agreed to an additional three year extension, effective January 1, 2022 and ending December 31, 2024, on the same terms and conditions contained in the original lease. A lease receivable and corresponding deferred inflow are not recorded in the financial statements because the variable and unpredictable rental payments prohibit it from being measurable.

On June 1, 2012, Attala County entered into a non-cancellable lease agreement with Ability Works, Inc. for the lease of certain property located at 610 West Jefferson Street, Kosciusko, MS. The primary lease agreement which stipulated that the lessee, Ability Works, Inc., would pay approximately \$500 per month in lease payments began June 1, 2012 and ended on May 31, 2015. On March 7, 2018, Ability Works, Inc. exercised an option to renew the lease for an additional three-year period, effective March 1, 2018 and ending March 31, 2021, on the same terms and conditions contained in the original lease. The lease continued month-to-month until November 15, 2021, when Ability Works, Inc. exercised an option to renew the lease for an additional two-year period, effective December 1, 2021 and ending November 30, 2023, on the same terms and conditions contained in the original lease. The County is to receive \$6,000 in rent annually with an implicit interest rate of 3.25%.

On June 1, 2015, Attala County entered into a non-cancellable lease agreement with BMC-Attala, LLC for the lease of various buildings and land that was previously used for operations of the Montfort Jones Memorial Hospital. The lease stipulated that the lessee would make the principal and interest payments on the \$6,500,000 Series 2011 Montfort Jones Memorial Hospital special obligations bond issue, with payments to commence on June 1, 2015 through the end of the initial lease term on May 1, 2036 with a variable interest rate of 3.00-5.75%. BMC-Attala, LLC has the option to purchase the leased assets for the total amount of cash required to provide for defeasance of the Series 2011 Montfort Jones Memorial Hospital special obligations bond issue, plus \$1. The purchase option may be exercised at any time beginning May 29, 2019, and continuing throughout the remainder of the lease term. During fiscal year 2022, the County received \$494,969 in rental income.

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

Remaining amounts to be received associated with these leases are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 245,864	255,330
2024	250,996	244,398
2025	260,000	232,519
2026	275,000	219,519
2027	285,000	205,769
2028 - 2032	1,685,000	786,176
2033 - 2037	<u>1,715,000</u>	<u>253,289</u>
Total	\$ <u>4,716,860</u>	<u>2,197,000</u>

(9) Long-term Debt.

Debt outstanding as of September 30, 2022, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
Series 2011 Special Obligation Bonds (Montfort Jones Memorial Hospital)	\$ 4,710,000	3.00-5.75%	05/2036
Taxable General Obligation Bonds Series 2015	<u>3,715,000</u>	3.00-4.75%	09/2035
Total General Obligation Bonds	\$ <u>8,425,000</u>		
B. Financed Purchases:			
2020 Cat 140 motor grader (District 3)	\$ 80,728	1.24%	07/2023
2020 Cat 140 motor grader (District 4)	100,645	1.20%	01/2024
John Deere 6105E cab tractor (District 2)	<u>33,526</u>	1.24%	07/2023
Total Financed Purchases	\$ <u>214,899</u>		

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds		Financed Purchases	
	Principal	Interest	Principal	Interest
2023	\$ 460,000	417,584	181,157	2,104
2024	475,000	398,578	33,742	207
2025	495,000	377,901		
2026	520,000	354,806		
2027	540,000	329,806		
2028-2032	3,155,000	1,216,381		
2033-2037	2,780,000	330,594		
Total	\$ 8,425,000	3,425,650	214,899	2,311

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, 2022, the amount of outstanding debt was equal to 3.92 percent (3.92%) of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2022:

	Balance Oct. 1, 2021	Additions	Reductions	Balance Sept. 30, 2022	Amount due within one year
Governmental Activities:					
General obligation bonds	\$ 8,865,000		440,000	8,425,000	460,000
Less:					
Discounts	(78,414)	5,406		(73,008)	(5,406)
Financed purchases	353,561	50,220	188,882	214,899	181,157
Total	\$ 9,140,147	55,626	628,882	8,566,891	635,751

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

(10) Defined Benefit Pension Plan.

General Information about the Pension Plan

Plan Description. Attala County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by *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.

Contributions. At September 30, 2022, 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, 2022 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, 2022, 2021 and 2020 were \$593,501, \$583,181 and \$565,133, respectively, equal to the required contributions for each year.

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

At September 30, 2022, the County reported a liability of \$10,092,158 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022 net pension liability was 0.049030 percent, which was based on a measurement date of June 30, 2022. This was a decrease of 0.001718 percent from its proportionate share used to calculate the September 30, 2021 net pension liability, which was based on a measurement date of June 30, 2021.

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

For the year ended September 30, 2022, the County recognized pension expense of \$1,133,452. At September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 143,834	
Net difference between projected and actual earnings on pension plan investments	209,352	
Changes of assumptions	361,279	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	291,019	193,217
County contributions subsequent to the measurement date	147,614	
Total	\$ 1,153,098	193,217

\$147,614 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30	Amount
2023	\$ 259,544
2024	160,177
2025	(155,082)
2026	547,628
Total	\$ 812,267

Actuarial Assumptions. The total pension liability as of June 30, 2022 was determined by an actuarial valuation prepared as of June 30, 2021, and by the investment experience for the fiscal year ending June 30, 2022. 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 for service retirees 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 disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

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 log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	25.00 %	4.60 %
International Equity	20.00	4.50
Global Equity	12.00	4.85
Fixed Income	18.00	1.40
Real Estate	10.00	3.65
Private Equity	10.00	6.00
Private Infrastructure	2.00	4.00
Private Credit	2.00	4.00
Cash Equivalents	1.00	(0.10)
Total	100.00 %	

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.

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 (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
County's proportionate share of the net pension liability	\$ 13,171,297	10,092,158	7,553,565

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

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

(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 \$(3,306,766) 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 \$147,614 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, 2023. The \$1,005,484 balance of the deferred outflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years. The \$193,217 balance of the deferred inflows of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next three years.

The governmental activities' unrestricted net position amount of \$(3,306,766) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from leases. The \$4,617,470 balance of deferred inflows of resources at September 30, 2022, will be recognized as revenue and will increase the unrestricted net position over the next 14 years.

(13) Joint Venture.

The County participates in the following joint venture:

Attala County is participant with the City of Kosciusko in a joint venture, authorized by *Section 61-3-5, Mississippi Code of 1972 Annotated*, to operate the Attala County Airport Commission. The joint venture was created to manage, control and operate the Attala County Airport, and it is governed by a five-member board of commissioners appointed as follows: Attala County, two; City of Kosciusko, two; rotation, one. The County has contributed \$26,000 from the General Fund to the joint venture in fiscal year 2022. Financial statements are not available for the Attala County Airport Commission.

(14) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the following Counties: Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Attala County Board of Supervisors appoints two of the 22 members of the college board of trustees. The County appropriated \$620,651 for maintenance and support of the college in fiscal year 2022.

Mid-Mississippi Regional Library System operates in a district composed of the following Counties: Attala, Holmes, Leake, Montgomery and Winston. The Attala County Board of Supervisors appoints one of the five members of the library board of directors. The County appropriated \$349,220 for maintenance and support of the library in fiscal year 2022.

ATTALA COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

Region Six Mental Health/Mental Retardation Center Life Help operates in a district composed of the following Counties: Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Attala County Board of Supervisors appoints one of the eight members of the board of commissioners. The County appropriated \$50,000 for maintenance and support of the center in fiscal year 2022.

Central Mississippi Emergency Medical Services District operates in a district composed of the following Counties: Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Rankin, Scott, Smith, Warren and Yazoo. The Attala County Board of Supervisors appoints two of the 26 members of the board of commissioners. The County did not provide any support for the district in fiscal year 2022.

North Central Planning and Development District operates in a district composed of the following Counties: Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yalobusha. The Attala County Board of Supervisors appoints four of the 28 members of the board of directors. The County appropriated \$61,452 for support of the District in fiscal year 2022.

(15) Tax Abatements.

As of September 30, 2022, Attala County provided tax exempt status to a steel manufacturing company subject to the requirements of GASB Statement No. 77. This company is exempt from real property taxes and personal property taxes except for levies involving the school, the mandatory mill and the 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 2022 totaled \$174,918.

(16) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the Statement of Net Position date, require disclosure in the accompanying notes. Management of Attala County evaluated the activity of the County through April 15, 2025, and determined that the following subsequent event have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2022, the County issued the following debt obligation:

Issue	Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
05/06/2024		4.725%	\$ 161,449	Financed purchase	Ad valorem taxes
11/25/2024		4.640%	131,580	Financed purchase	Ad valorem taxes
04/11/2025		4.790%	111,320	Financed purchase	Ad valorem taxes

ATTALA COUNTY

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ATTALA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

ATTALA COUNTY

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ATTALA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2022
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 5,966,301	6,034,394	6,034,394	
Licenses, commissions and other revenue	267,300	306,136	306,136	
Fines and forfeitures	191,450	223,607	223,607	
Intergovernmental revenues	472,040	4,014,964	4,014,964	
Charges for services	36,500	21,840	21,840	
Interest income	22,700	7,664	7,664	
Miscellaneous revenues	419,056	438,214	438,214	
Total Revenues	<u>7,375,347</u>	<u>11,046,819</u>	<u>11,046,819</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	4,082,512	3,565,378	3,565,378	
Public safety	2,185,775	2,523,151	2,523,151	
Public works	188,482	172,933	172,933	
Health and welfare	243,000	200,588	200,588	
Culture and recreation	116,727	124,564	124,564	
Conservation of natural resources	108,510	93,628	93,628	
Economic development and assistance	132,452	134,452	134,452	
Total Expenditures	<u>7,057,458</u>	<u>6,814,694</u>	<u>6,814,694</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>317,889</u>	<u>4,232,125</u>	<u>4,232,125</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		100,387	100,387	
Transfers out		(4,345,811)	(4,345,811)	
Total Other Financing Sources and Uses	<u>0</u>	<u>(4,245,424)</u>	<u>(4,245,424)</u>	<u>0</u>
Net Change in Fund Balance	317,889	(13,299)	(13,299)	0
Fund Balances - Beginning	<u>8,945,867</u>	<u>10,453,490</u>	<u>10,453,490</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 9,263,756</u>	<u>10,440,191</u>	<u>10,440,191</u>	<u>0</u>

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

ATTALA COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 American Rescue Act Fund
 For the Year Ended September 30, 2022
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$	3,477	3,477	
Total Revenues	<u>0</u>	<u>3,477</u>	<u>3,477</u>	<u>0</u>
EXPENDITURES				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>0</u>	<u>3,477</u>	<u>3,477</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		1,765,043	1,765,043	
Transfers out		(1,765,044)	(1,765,044)	
Total Other Financing Sources and Uses	<u>0</u>	<u>(1)</u>	<u>(1)</u>	<u>0</u>
Net Change in Fund Balance	0	3,476	3,476	0
Fund Balances - Beginning		<u>1,765,044</u>	<u>1,765,044</u>	<u>0</u>
Fund Balances - Ending	\$ <u>0</u>	<u>1,768,520</u>	<u>1,768,520</u>	<u>0</u>

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

ATTALA COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*
For the Year Ended September 30, 2022
UNAUDITED

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.049030%	0.050748%	0.047612%	0.047651%	0.049928%	0.048985%	0.049629%	0.050841%
County's proportionate share of the net pension liability (asset) \$	10,092,158	7,500,776	9,217,130	8,382,751	8,304,510	8,142,970	8,864,979	7,859,016
Covered payroll \$	3,375,395	3,374,200	3,170,355	3,103,355	3,188,387	3,142,428	3,174,871	3,176,248
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	298.99%	222.30%	290.73%	270.12%	260.46%	259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%

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

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

ATTALA COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2022
UNAUDITED

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 593,501	583,181	565,133	499,985	501,499	490,583	501,704	499,899
Contributions in relation to the contractually required contribution	<u>593,501</u>	<u>583,181</u>	<u>565,133</u>	<u>499,985</u>	<u>501,499</u>	<u>490,583</u>	<u>501,704</u>	<u>499,899</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	\$ 3,410,927	3,351,617	3,247,891	3,095,882	3,184,121	3,114,813	3,185,420	3,173,962
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	16.15%	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.

ATTALA COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2022 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. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) Montfort Jones Memorial Hospital Lease Fund is not presented because funds were not individually budgeted.

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Types	
	General Fund	American Rescue Act Fund
Budget (Cash Basis)	\$ (13,299)	3,476
Increase (Decrease)		
Net adjustments for revenue accruals	13,543	(1,765,044)
Net adjustments for expenditure accruals	458,234	1,765,044
GAAP Basis	\$ <u>458,478</u>	<u>3,476</u>

ATTALA COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2022
UNAUDITED

D. Unbudgeted Funds.

The following fund was not budgeted for the year ended September 30, 2022:

Special Revenue Fund:

Montfort Jones Memorial Hospital Lease Fund

American Rescue Act Fund

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

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:

ATTALA COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2022 UNAUDITED

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.

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.

ATTALA COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2022
UNAUDITED

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 decreased 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.

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

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2020 valuation for the June 30, 2022 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	27.7 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

ATTALA COUNTY

OTHER INFORMATION

ATTALA COUNTY

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ATTALA COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2022
UNAUDITED

Name	Position	Company	Bond
Robert (Bobby) Dodd Lindsay, Sr.	Supervisor District 1	Travelers	\$100,000
Billy Coffee	Supervisor District 2	Western Surety Company	\$100,000
Jesse Steven Goss	Supervisor District 3	Travelers	\$100,000
Willie Perteet	Supervisor District 4	Travelers	\$100,000
Tim Pinkard	Supervisor District 5	Travelers	\$100,000
Taylor Casey	Chancery Clerk	Travelers	\$100,000
Kristian Shane Cook	Purchase Clerk	Travelers	\$100,000
Betty Jackson	Receiving Clerk	Travelers	\$75,000
Regina Roundtree	Receiving Clerk	Travelers	\$75,000
Lula G. Thompson	Assistant Receiving Clerk	Travelers	\$50,000
Robert "Tim" Nail	Assistant Receiving Clerk	Travelers	\$50,000
Taylor Casey	Inventory Control Clerk	Travelers	\$75,000
William Von Roby	Constable	Travelers	\$50,000
Edward Scott Walters	Constable	Travelers	\$50,000
Lula G. Thompson	Circuit Clerk	Travelers	\$100,000
Lakisha Rimmer	Deputy Circuit Clerk	Travelers	\$50,000
Robert "Tim" Nail	Sheriff	Travelers	\$100,000
Robert T. Jordan	Justice Court Judge	Travelers	\$50,000
Rosie Massey Sample	Justice Court Judge	Travelers	\$50,000
Angela Shaw	Justice Court Clerk	Travelers	\$50,000
Lisa Riley	Deputy Justice Court Clerk	Travelers	\$50,000
Brenda F. Williams	Tax Assessor-Collector	Travelers	\$100,000
Patti Biggart	Deputy Tax Assessor	Travelers	\$50,000
Andrea "Hunt" Edwards	Deputy Tax Assessor	Travelers	\$50,000
Tammy R. Miles	Deputy Tax Collector	Travelers	\$50,000
Sheila L. Rockett	Deputy Tax Collector	Travelers	\$50,000
Regina Roundtree	Deputy Tax Collector	Travelers	\$50,000
Tina White	Deputy Tax Collector	Travelers	\$50,000
Rebecca Thrasher	Deputy Tax Collector	Travelers	\$50,000

ATTALA COUNTY

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ATTALA COUNTY

SPECIAL REPORTS

ATTALA 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
Attala County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Attala County, Mississippi (the County), as of and for the year ended September 30, 2022, 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 15, 2025. 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, 2022.

Report on Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2022-001, 2022-002, 2022-004, and 2022-005 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as 2022-003 to be a significant deficiency.

Report on Compliance and Other Matters

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

We noted certain matters that we reported to the management of Attala County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated April 15, 2025, included within this document.

Attala County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Attala County, Mississippi's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. Attala County, Mississippi's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 results 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 15, 2025



**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
Attala County, Mississippi

We have examined Attala County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with *Sections 31-7-101 through 31-7-127, 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, 2022. The Board of Supervisors of Attala County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

The results of our audit procedures disclosed 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:

Inventory Control Clerk.

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

Repeat Finding Yes

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

Condition	As reported in the prior ten years' audit reports, the subsidiary records did not include all additions and deletions to capital assets. Purchases totaling \$35,905 in capital asset additions and disposals totaling \$52,229 in capital asset deletions were not recorded in the capital asset subsidiary records.
Cause	Failure to properly identify capital asset purchases and deletions through review of Board minutes, the general ledger and inquiry.
Effect	Failure to record and approve capital asset transactions could result in the loss or misappropriation of public assets.
Recommendation	The Inventory Control Clerk should properly record additions and deletions in the capital asset subsidiary records and ensure that disposals are approved by the Board of Supervisors.

Views of Responsible Official(s)	The Inventory Control Clerk will make sure to implement internal controls over capital assets to ensure all additions and deletions are recorded in the County's records.
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Purchase Clerk.

2.	<u>The Purchase Clerk shall be responsible for the maintenance of the central purchasing system of the County.</u>
-----------	--

Repeat Finding	No
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Criteria	<i>Section 31-7-103, Mississippi Code of 1972 Annotated</i> , requires a purchase requisition, purchase order, and receiving report for all purchases of more than Two Thousand Dollars (\$2,000.00) in the aggregate. Further, the Purchase Clerk is required to maintain the central purchasing system of the County.
-----------------	---

Condition	During our review, we noted that the purchasing documentation, specifically the invoice, purchase order, purchase requisition, and receiving report dates were not completed in a logical time sequence.
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Cause	The Purchase Clerk failed to adhere to state purchasing laws.
--------------	---

Effect	Failure to follow state purchasing laws and guidelines could result in the loss or misuse of public funds.
---------------	--

Recommendation	The Purchase Clerk should ensure that purchasing documents are properly completed and the date sequence is logical.
-----------------------	---

Views of Responsible Official(s)	We will comply in the future.
---	-------------------------------

In our opinion, except for the noncompliance referred to in the preceding paragraph, Attala County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2022.

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.

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

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

A handwritten signature in black ink, appearing to read "Joe E. McKnight".

JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 15, 2025

ATTALA COUNTY

Schedule of Purchases From Other Than the Lowest Bidder

For the Year Ended September 30, 2022

Schedule 1

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

ATTALA COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2022

Schedule 2

Our tests did not identify any emergency purchases.

ATTALA COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2022

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



**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
Attala County, Mississippi

In planning and performing our audit of the financial statements of Attala County, Mississippi for the year ended September 30, 2022, we considered Attala County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Attala County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated April 15, 2025, on the financial statements of Attala County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with *Section 7-7-211, 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. The County should cite appropriate code sections when authorizing the tax levy.

Repeat Finding Yes

Criteria *Section 83-1-39(5)(d), Mississippi Code of 1972 Annotated*, authorizes counties to levy a tax of not less than one-fourth (1/4) mill on all property of the county for fire protection purposes.

Condition As reported in the prior four years' audit reports, we noted during our testwork that the Board of Supervisors erroneously referenced *Section 19-5-95, Mississippi Code of 1972 Annotated*, for support of the Attala County fire department, instead of the correct code section, *Section 83-1-39(5)(d), Mississippi Code of 1972 Annotated*.

Cause	The County did not comply with state law.
Effect	The failure to reference the proper statute to authorize the levying of ad valorem taxes could result in the County collecting a tax for unauthorized purposes.
Recommendation	The Board of Supervisors should implement appropriate procedures to ensure the proper code section is cited in the Board minutes with authorizing the tax levy.
Views of Responsible Official(s)	The correct code sections will be noted on future tax levy sheets.
2.	<u>A budget should be prepared for all funds.</u>
Repeat Finding	Yes
Criteria	<i>Section 19-11-11, Mississippi Code of 1972 Annotated</i> , requires the Board of Supervisors to prepare a budget for all funds, except Trust and Agency Funds.
Condition	As reported in the prior seven years' audit reports, we noted that a budget was not prepared for the Montfort Jones Memorial Hospital Lease Fund and the American Rescue Act Fund.
Cause	This was due to management oversight.
Effect	Failure to prepare a budget for all funds is a violation of state law.
Recommendation	The Board of Supervisors should prepare a budget for all funds, except Trust and Agency Funds.
Views of Responsible Official(s)	This was an oversight by the County. Attala County is currently working to prepare a budget for these funds. All activity in these funds will be shown in the budget in the future.
Chancery Clerk.	
3.	<u>All bank accounts under the County's authority should be reported to the Mississippi Treasury Department.</u>
Repeat Finding	Yes
Criteria	<i>Section 27-105-5, Mississippi Code 1972 Annotated</i> , requires the county to submit the Public Depositors Annual Report to the Office of the State Treasurer within 30 days of the fiscal year that includes all bank accounts under the county's authority.
Condition	As reported in the prior five years' audit reports, the county did not include three bank accounts, two are associated with the Montfort Jones Memorial Hospital and one associated with the County Board of Supervisors. All are under the County's authority on the Public Depositors Annual Report that is required to be submitted to the Office of the State Treasurer.
Cause	This was due to management oversight.
Effect	Failure to include all bank accounts under the County's authority on the Public Depositors Annual Report is a violation of state law and could result in the County's funds above FDIC deposit coverage of \$250,000 not being properly collateralized in the event of failure of a financial institution.
Recommendation	The Chancery Clerk should ensure that all bank accounts under the County's authority are listed on the Public Depositors Annual Report filed with the Office of the State Treasurer.

**Views of Responsible
Official(s)**

The Chancery Clerk will make sure to include all bank accounts on future Public Depositors Annual Reports.

Former Circuit Clerk.

4. The former Circuit Clerk understated revenues subject to the salary limitation on the Annual Financial Report.

Repeat Finding No

Criteria *Section 9-1-43(1), Mississippi Code of 1972 Annotated*, limits the compensation of the Circuit Clerk to \$97,000 after making deductions for employee salaries and related salary expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. 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 the former Circuit Clerk understated revenues subject to the salary limitation on the Annual Financial Report by \$4,509 for the 2022 calendar year.

Cause The former Circuit Clerk did not comply with state law.

Effect Failure to properly complete the Annual Financial Report resulted in an additional amount being owed to the County's General Fund.

Recommendation The former Circuit Clerk should file an amended 2022 Annual Financial Report with the Office of the State Auditor and the Mississippi Public Employees Retirement System and should settle the additional \$4,509 over the salary cap to the County's General Fund. Additionally, the former Circuit Clerk should establish procedures to ensure that future fees reported on the Annual Financial Report are complete and accurate.

**Views of Responsible
Official(s)**

Will get this paid off as soon as possible.

Auditor's Note The former Circuit Clerk settled \$4,509 to the County's General Fund on January 28, 2025, as evidenced by receipt warrant number 339.

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

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity, 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 15, 2025

ATTALA COUNTY

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ATTALA COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

ATTALA COUNTY

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ATTALA COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2022

Section 1: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the financial statements:

Governmental activities	Unmodified
General Fund	Qualified
Montfort Jones Memorial Hospital Lease Fund	Unmodified
American Rescue Act Fund	Unmodified
Aggregate remaining fund information	Unmodified

2. Internal control over financial reporting:

a. Material weaknesses identified?	Yes
b. Significant deficiency identified?	Yes

3. Noncompliance material to the financial statements noted? No

Section 2: Financial Statement Findings

Montfort Jones Memorial Hospital Board of Trustees.

Material Weakness

2022-001. Internal controls in various areas relating to Montfort Jones Memorial Hospital need to be implemented or strengthened.

Repeat Finding Yes

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

Condition As reported in the prior six year's audit reports, during the course of the audit period and test work, the following deficiencies were noted in regards to the Montfort Jones Memorial Hospital Lease Fund:

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

ATTALA COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2022

Cause	The Montfort Jones Memorial Hospital Board of Trustees lacked the necessary internal controls over financial reporting and preparation of subsidiary records.
Effect	Failure to implement a system of internal controls could result in the loss or misappropriation of public funds.
Recommendation	Bank statement reconciliations for all hospital cash accounts should be prepared at least monthly. Financial activity for the Hospital should be recorded in a formal general ledger system. An accounts receivable master detail listing should be prepared and maintained so that any future collections can be recorded as a reduction to each individual's accounts receivable balance owed. An individual or individuals should be formally appointed to have responsibility for the Hospital's accounting and financial reporting functions. The Board of Trustees should adopt an annual budget. Financial activity, budget to actual comparisons, and bank statement reconciliations should be periodically reviewed by the Board of Trustees.
Views of Responsible Official(s)	Attala County has implemented a process that will correct deficiencies pertaining to the Montfort Jones Memorial Hospital funds.
Board of Supervisors.	
Material Weakness	
2022-002.	<u>Controls over bank account reconciliations should be strengthened.</u>
Repeat Finding	No
Criteria	An effective system of internal control over cash should include the timely reconciliation of bank statements and the maintenance of records documenting daily collections.
Condition	We noted during test work that the American Rescue Act Fund's bank account was not reconciled and direct deposits were not receipted into the County's general ledger in a timely manner.
Cause	This was due to management oversight.
Effect	Failure to reconcile the bank account and properly maintain the general ledger accounts could result in the loss or misappropriation of public funds.
Recommendation	The Board of Supervisors should ensure that all County funds are reconciled in a timely manner. Any discrepancies that arise should be reviewed and corrected timely, which will prevent mistakes and errors from being carried forward.
Views of Responsible Official(s)	This was an oversight on the County's part. Attala County will make sure to reconcile the American Rescue Act Fund's bank account to the cash journal in the future.

ATTALA COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2022

Circuit Clerk.

Significant Deficiency

2022-003.	<u>Separation of duties in the Circuit Clerk's office should be strengthened.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control should include an adequate segregation of duties.
Condition	As reported in the prior fourteen years' audit reports, cash collection and disbursement functions are not adequately separated for effective internal control. The Circuit Clerk receipts collections, makes deposits, calculates the monthly settlements, posts the cash journal, reconciles the bank statements and disburses funds.
Cause	The small size of the Circuit Clerk's office results in fewer personnel to perform separate functions.
Effect	Failure to have an adequate segregation of duties could result in the loss of public funds.
Recommendation	The Circuit Clerk should implement a system for review of the accounting records by another person.
Views of Responsible Official(s)	This issue will be corrected in the year 2024.

Inventory Control Clerk.

Material Weakness

2022-004.	<u>Capital asset purchases and deletions should be recorded in capital asset records.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control over capital assets should include proper recording of additions and deletions.
Condition	As reported in the prior ten years' audit reports, the subsidiary records did not include all additions and deletions to capital assets. Purchases totaling \$35,905 in capital asset additions and disposals totaling \$52,229 in capital asset deletions were not recorded in the capital asset subsidiary records.
Cause	Failure to properly identify capital asset purchases and deletions through review of Board minutes, the general ledger and inquiry.
Effect	Failure to record and approve capital asset transactions could result in the loss or misappropriation of public assets.
Recommendation	The Inventory Control Clerk should properly record additions and deletions in the capital asset subsidiary records and ensure that disposals are approved by the Board of Supervisors.
Views of Responsible Official(s)	The Inventory Control Clerk will make sure to implement internal controls over capital assets to ensure all additions and deletions are recorded in the County's records.

ATTALA COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2022

Justice Court Clerk.

Material Weakness

2022-005. 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, 2022.

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 corrected for future audits in FY2024.