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CALHOUN COUNTY, MISSISSIPPI
FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

CALHOUN COUNTY, MISSISSIPPI

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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

Members of the Board of Supervisors
Calhoun County, Mississippi

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Calhoun 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 basic financial statements as listed in the table of contents.

Adverse Opinion on Aggregate Discretely Presented Component Unit

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component unit of Calhoun County, Mississippi, as of September 30, 2022, or the changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Business-type Activities, and Each Major Fund

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of Calhoun 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 Adverse 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 adverse and unmodified opinions.

Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Unit

The financial statements do not include financial data for the County's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit. The County has not issued such reporting entity financial statements. The effects of not including the County's legally separate component unit on the aggregate discretely presented component unit has not been determined.

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 know information that may raise substantial doubt shortly thereafter.

Auditor's' Responsibility 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 error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements are considered material if there is a substantial likelihood, that individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 judgement, 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 Schedule and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of the County's Contributions be presented to supplement the basic financial statements. Such information 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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Calhoun County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 December 27, 2024, on our consideration of Calhoun 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 Calhoun 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 Calhoun County, Mississippi's internal control over financial reporting and compliance.

McKenzie CPA, PLLC
Madison, Mississippi
December 27, 2024

A handwritten signature in blue ink that reads "McKenzie CPA, PLLC". The signature is written in a cursive, flowing style.

FINANCIAL STATEMENTS

CALHOUN COUNTY, MISSISSIPPI
Statement of Net Position
September 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 6,525,959	229,697	6,755,656
Property tax receivable	4,823,063	-	4,823,063
Accounts receivable (net of allowance for uncollectibles of \$395,973)	-	90,606	90,606
Fines receivable (net of allowance for uncollectibles of \$1,413,483)	299,369	-	299,369
Intergovernmental receivables	381,422	110,640	492,062
Other receivables	26,492	-	26,492
Internal balances	127,409	(127,409)	-
Capital assets:			
Land and construction in progress	3,109,712	-	3,109,712
Other capital assets, net	21,381,313	642,477	22,023,790
Total Assets	<u>36,674,739</u>	<u>946,011</u>	<u>37,620,750</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	73,537	-	73,537
Deferred outflows related to pensions	1,169,738	102,830	1,272,568
Total Deferred Outflows of Resources	<u>1,243,275</u>	<u>102,830</u>	<u>1,346,105</u>
LIABILITIES			
Claims payable	1,270,578	69,313	1,339,891
Intergovernmental payables	186,017	-	186,017
Accrued interest payable	5,080	501	5,581
Claims and judgments payable	303,267	-	303,267
Long-term liabilities:			
Due within one year:			
Capital debt	502,640	155,822	658,462
Non-capital debt	3,883	-	3,883
Due in more than one year:			
Capital debt	2,085,854	408,447	2,494,301
Non-capital debt	122,349	22,793	145,142
Net pension liability	7,371,181	652,733	8,023,914
Total Liabilities	<u>11,850,849</u>	<u>1,309,609</u>	<u>13,160,458</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax for future reporting period	4,823,063	-	4,823,063
Unearned revenue for future reporting period	-	76,649	76,649
Total Deferred Inflows of Resources	<u>4,823,063</u>	<u>76,649</u>	<u>4,899,712</u>
NET POSITION			
Net investment in capital assets	21,976,068	78,208	22,054,276
Restricted for:			
Expendable:			
General Government	198,090	-	198,090
Public safety	279,258	-	279,258
Public works	1,947,400	-	1,947,400
Culture and recreation	48,770	-	48,770
Economic development	13,036	-	13,036
Debt service	893,634	-	893,634
Unrestricted	(4,112,154)	(415,625)	(4,527,779)
Total Net Position	<u>\$ 21,244,102</u>	<u>(337,417)</u>	<u>20,906,685</u>

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

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

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	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,528,521	347,343	1,401,448	11,517	(1,768,213)		(1,768,213)
Public safety	1,733,995	240,781	927,478	3,291	(562,445)		(562,445)
Public works	4,299,018	-	702,745	2,203,405	(1,392,868)		(1,392,868)
Health and welfare	177,683	-	13,582	-	(164,101)		(164,101)
Culture and recreation	46,455	-	-	-	(46,455)		(46,455)
Education	203,179	-	-	-	(203,179)		(203,179)
Conservation of natural resources	81,384	-	-	-	(81,384)		(81,384)
Economic development and assistance	60,243	-	-	-	(60,243)		(60,243)
Interest on long-term debt	72,520	-	-	-	(72,520)		(72,520)
Pension expense	841,215	-	-	-	(841,215)		(841,215)
Total Governmental Activities	<u>11,044,213</u>	<u>588,124</u>	<u>3,045,253</u>	<u>2,218,213</u>	<u>(5,192,623)</u>		<u>(5,192,623)</u>
Business-type activities:							
Solid waste	1,258,326	899,941	-	-	-	(358,385)	(358,385)
Total Business-type Activities	<u>1,258,326</u>	<u>899,941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(358,385)</u>	<u>(358,385)</u>
Total Primary Government	<u>12,302,539</u>	<u>1,488,065</u>	<u>3,045,253</u>	<u>2,218,213</u>	<u>(5,192,623)</u>	<u>(358,385)</u>	<u>(5,551,008)</u>
General revenues:							
Property taxes					\$ 6,038,480	-	6,038,480
Road and bridge privilege taxes					68,631	-	68,631
Grants and contributions not restricted to specific programs					501,085	-	501,085
Unrestricted interest income					33,544	4,282	37,826
Miscellaneous					656,112	1,086	657,198
Total General Revenues					<u>7,297,852</u>	<u>5,368</u>	<u>7,303,220</u>
Changes in Net Position					2,105,229	(353,017)	1,752,212
Net Position - Beginning					<u>19,138,873</u>	<u>15,600</u>	<u>19,154,473</u>
Net Position - Ending					<u>\$ 21,244,102</u>	<u>(337,417)</u>	<u>20,906,685</u>

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

CALHOUN COUNTY, MISSISSIPPI
Balance Sheet – Governmental Funds
September 30, 2022

	Major Fund			
	General Fund	State Aid Road Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 2,544,838	35,648	3,945,473	6,525,959
Property tax receivable	3,152,924	-	1,670,139	4,823,063
Fines receivable (net of allowance for uncollectibles of \$1,413,483)	299,369	-	-	299,369
Intergovernmental receivables	158,540	152,424	70,458	381,422
Other receivables	6,120	-	20,372	26,492
Due from other funds	60,865	-	220,019	280,884
Advances to other funds	69,929	-	-	69,929
Total Assets	<u>\$ 6,292,585</u>	<u>188,072</u>	<u>5,926,461</u>	<u>12,407,118</u>
LIABILITIES				
Liabilities:				
Claims payable	\$ 182,549	152,424	903,316	1,238,289
Intergovernmental payable	186,017	-	-	186,017
Due to other funds	220,018	-	3,386	223,404
Amounts held in custody for others	32,289	-	-	32,289
Claims and judgments payable	303,267	-	-	303,267
Total Liabilities	<u>924,140</u>	<u>152,424</u>	<u>906,702</u>	<u>1,983,266</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	3,152,924	-	1,670,139	4,823,063
Unavailable revenue - fines	299,369	-	-	299,369
Total Deferred Inflows of Resources	<u>3,452,293</u>	<u>-</u>	<u>1,670,139</u>	<u>5,122,432</u>
Fund balances:				
Nonspendable:				
Advances	69,929	-	-	69,929
Restricted for:				
General government	-	-	198,090	198,090
Public safety	-	-	279,258	279,258
Public works	-	35,648	1,911,752	1,947,400
Culture and recreation	-	-	48,770	48,770
Economic development	-	-	13,036	13,036
Debt service	-	-	898,714	898,714
Unassigned	1,846,223	-	-	1,846,223
Total Fund Balances	<u>1,916,152</u>	<u>35,648</u>	<u>3,349,620</u>	<u>5,301,420</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 6,292,585</u>	<u>188,072</u>	<u>5,926,461</u>	<u>12,407,118</u>

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

CALHOUN COUNTY, MISSISSIPPI
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2022

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 5,301,420
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 \$12,739,192.	24,491,025
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Fines receivable	299,369
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(2,714,726)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(7,371,181)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(5,080)
Deferred amount on refunding	73,537
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	1,169,738
Deferred inflows of resources related to pensions	<u>-</u>
Total Net Position - Governmental Activities	\$ <u><u>21,244,102</u></u>

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

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

	Major Fund		Other	Total
	General	State Aid	Governmental	Governmental
	Fund	Road	Funds	Funds
	Fund	Fund		
REVENUES				
Property taxes	\$ 3,945,789	-	2,092,691	6,038,480
Road and bridge privilege taxes	-	-	68,631	68,631
Licenses, commissions and other revenue	144,416	-	-	144,416
Fines and forfeitures	157,895	-	15,893	173,788
Intergovernmental revenues	2,013,561	2,154,348	1,596,642	5,764,551
Charges for services	47,575	-	173,690	221,265
Interest income	7,193	-	26,353	33,546
Miscellaneous revenues	139,901	-	513,818	653,719
Total Revenues	<u>6,456,330</u>	<u>2,154,348</u>	<u>4,487,718</u>	<u>13,098,396</u>
EXPENDITURES				
Current:				
General government	3,326,656	-	335,050	3,661,706
Public safety	1,165,430	-	843,477	2,008,907
Public works	-	2,163,416	4,514,002	6,677,418
Health and welfare	150,352	-	-	150,352
Culture and recreation	-	-	34,165	34,165
Education	203,179	-	-	203,179
Conservation of natural resources	79,531	-	5,405	84,936
Economic development and assistance	20,330	-	39,913	60,243
Debt service:				
Principal	431	-	488,696	489,127
Interest	78	-	63,634	63,712
Total Expenditures	<u>4,945,987</u>	<u>2,163,416</u>	<u>6,324,342</u>	<u>13,433,745</u>
Excess of Revenues over (under) Expenditures	<u>1,510,343</u>	<u>(9,068)</u>	<u>(1,836,624)</u>	<u>(335,349)</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued	28,115	-	338,399	366,514
Proceeds from sale of capital assets	18,950	-	7,350	26,300
Transfers in	53,500	-	1,657,703	1,711,203
Transfers out	(250,844)	-	(1,460,359)	(1,711,203)
Total Other Financing Sources (Uses)	<u>(150,279)</u>	<u>-</u>	<u>543,093</u>	<u>392,814</u>
Net Changes in Fund Balances	1,360,064	(9,068)	(1,293,531)	57,465
Fund Balances - Beginning	<u>556,088</u>	<u>44,716</u>	<u>4,643,151</u>	<u>5,243,955</u>
Fund Balances - Ending	<u>\$ 1,916,152</u>	<u>35,648</u>	<u>3,349,620</u>	<u>5,301,420</u>

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

CALHOUN COUNTY, MISSISSIPPI
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	\$ 57,465
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 \$3,167,804 exceeded depreciation of 861,223 in the current period.	2,306,581
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 net gain of \$2,393 less the proceeds from sale of capital assets of \$26,300.	(23,907)
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.	48,653
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 \$489,127 exceeded debt proceeds of \$366,514.	122,613
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Decrease in accrued interest payable	936
Decrease in compensated absences	3,037
The amortization of:	
Premiums on bonds	1,716
Deferred amount on refunding bonds	(11,460)
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 year	(841,215)
Recording of contributions made for the current fiscal year	440,810
Change in Net Position of Governmental Activities	<u>\$ 2,105,229</u>

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

CALHOUN COUNTY, MISSISSIPPI
Statement of Net Position – Proprietary Fund
September 30, 2022

	Business-type Activities - <u>Enterprise Fund</u> <u>Solid Waste</u> <u>Fund</u>
ASSETS	
Current assets:	
Cash	\$ 229,697
Accounts receivable (net of allowance for uncollectibles of \$395,973)	90,606
Intergovernmental receivables	110,640
Other receivables	-
Total Current Assets	<u>430,943</u>
Noncurrent assets:	
Capital assets:	
Other capital assets, net	642,477
Total Noncurrent Assets	<u>642,477</u>
Total Assets	<u>1,073,420</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	102,830
Total Deferred Outflows of Resources	<u>102,830</u>
LIABILITIES	
Current liabilities:	
Claims payable	69,313
Due to other funds	57,480
Advances from other funds	69,929
Accrued interest payable	501
Capital debt:	
Capital leases payable	155,822
Total Current Liabilities	<u>353,045</u>
Noncurrent liabilities:	
Net pension liability	652,733
Capital debt:	
Capital leases payable	408,447
Non-capital debt:	
Compensated absences payable	22,793
Total Noncurrent Liabilities	<u>1,083,973</u>
Total Liabilities	<u>1,437,018</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	-
Unearned revenue for future reporting period	76,649
Total Deferred Inflows of Resources	<u>76,649</u>
NET POSITION	
Net investment in capital assets	78,208
Unrestricted	(415,625)
Total Net Position	<u>\$ (337,417)</u>

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

CALHOUN COUNTY, MISSISSIPPI
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund
For the Year Ended September 30, 2022

	Business-type Activities- Enterprise Fund Solid Waste Fund
Operating Revenues	
Charges for services	\$ 899,941
Other income	1,086
Total Operating Revenues	<u>901,027</u>
Operating Expenses	
Personal services	414,949
Contractual services	392,872
Materials and supplies	255,894
Depreciation expense	88,228
Indirect administrative cost	21,682
Pension Expense	74,343
Total Operating Expenses	<u>1,247,968</u>
Operating Income	<u>(346,941)</u>
Nonoperating Revenues (Expenses)	
Interest income	4,282
Interest expense	(10,358)
Net Nonoperating Revenues (Expenses)	<u>(6,076)</u>
Changes in Net Position	<u>(353,017)</u>
Net Position - Beginning	<u>15,600</u>
Net Position - Ending	<u>\$ (337,417)</u>

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

CALHOUN COUNTY, MISSISSIPPI
Statement of Cash Flows – Proprietary Fund
For the Year Ended September 30, 2022

	Business-type Activities- Enterprise Fund Solid Waste Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 870,080
Payments to suppliers	(648,375)
Payments to employees	(454,929)
Net Cash Provided by Operating Activities	<u>(233,224)</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds of long-term debt	500,000
Acquisition and construction of capital assets	(294,626)
Principal paid on long-term debt	(146,568)
Interest paid on debt	<u>(10,358)</u>
Net Cash Used by Capital and Related Financing Activities	<u>48,448</u>
Cash Flows From Investing Activities	
Interest on deposits	<u>4,282</u>
Net Cash Provided by Investing Activities	<u>4,282</u>
Net Increase in Cash and Cash Equivalents	(180,494)
Cash and Cash Equivalents at Beginning of Year	<u>410,191</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 229,697</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ <u>(346,941)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	88,228
Changes in assets and liabilities:	
(Increase) in accounts receivable	(3,856)
(Increase) in intergovernmental receivables	(31,884)
(Increase) in other deferred outflows of resources	(11,765)
Increase in other deferred inflows of resources	(150,025)
Increase in claims payable	556
Increase in compensated absences liability	(981)
Increase in unearned revenue	4,793
(Decrease) in pension liability	196,969
Increase in interfund payable	<u>21,682</u>
Total Adjustment	<u>113,717</u>
Net Cash Provided by Operating Activities	<u><u>\$ (233,224)</u></u>

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

CALHOUN COUNTY, MISSISSIPPI
Statement of Fiduciary Net Position
September 30, 2022

	Custodial Funds
ASSETS	
Cash	\$ 203,418
Other receivables	13,629
Total Assets	<u>\$ 217,047</u>
LIABILITIES	
Intergovernmental payables	\$ 217,047
Total Liabilities	<u>\$ 217,047</u>

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

	Custodial Funds
ADDITIONS	
License and fees collected for state and individuals	<u>758,403</u>
Total Additions	<u>758,403</u>
DEDUCTIONS	
License and fees paid to state and individuals	<u>758,403</u>
Total Deductions	<u>758,403</u>
Net increase (decrease) in Fiduciary Net Position	-
Net Position - Beginning	<u>-</u>
Net Position - Ending	<u><u>-</u></u>

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

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

Note 1: Summary of Significant Accounting Policies

a. Financial Reporting Entity

Calhoun 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 Calhoun County to present these financial statements on the primary government and its component unit which has significant operational or financial relationships with the County.

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

- Calhoun County Health Services

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

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

b. Basis of Presentation

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

Government-wide Financial Statements:

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

The Statement of Net Position presents the financial condition of the governmental activities and business-type 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 and business-type 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 for 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 business-type activity or governmental function is self-financing or draws from the general revenues of the County.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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/expenses. Funds are organized into governmental, proprietary and fiduciary, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

c. Measurement Focus and Basis of Accounting

The Government-wide, Proprietary Funds 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.

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

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

The County reports the following major Governmental Funds:

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

State Aid Road Fund – This fund is used to account for and report all financial resources associated with the construction of State Aid Roads.

The County reports the following major Enterprise Fund:

Solid Waste Fund – This fund is used to account for the County's activities of disposal of solid waste within the County.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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.

PROPRIETARY FUND TYPE

Enterprise Funds – These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the County has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

FIDUCIARY FUND TYPE

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

d. Account Classifications

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

e. Deposits and Investments

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

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

f. Receivables

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

g. Interfund Transactions and Balances

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed or assigned. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

Note 1: Summary of Significant Accounting Policies (Continued)

h. Capital Assets

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The 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. Calhoun 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.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because noncapitalization of interest does not have a material effect on the County's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

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

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
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
Intangible assets	**	**

** Intangible assets for the County represent right-to-use leased assets and are capitalized as a group for reporting purposes. The estimated useful life is the term of the lease agreement. There is no mandated maximum amortization period. Intangible assets with indefinite useful lives should not be amortized.

The term "depreciation" includes the amortization of intangible assets.

i. Deferred Outflows/Inflows of Resources

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred amount on refunding – For current refunding's and advance refunding's resulting in defeasance of debt reported by governmental activities, business type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

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

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

j. 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 federal prime rate to calculate the present value of lease payments when the rate implicit in the lease is not known.

k. Long-Term Liabilities

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

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Position.

In the fund financial statements, the face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

l. 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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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.

m. Compensated Absences

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

n. Equity Classifications

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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.

o. 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 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.

p. 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.

q. 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 by governments.

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

Note 1: Summary of Significant Accounting Policies (Continued)

Note 2: Deposits

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2022, was \$6,959,074 and the bank balance was \$7,159,329. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by section 27-105-5, Miss. Code Ann. (1972) 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 a 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 a 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.

Note 3: Interfund Transactions and Balances

The following is a summary of inter-fund 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	\$ 220,018
General Fund	Solid Waste Fund	57,480
General Fund	Other Governmental Funds	3,386
Total		<u>\$ 280,884</u>

The receivables represent indirect cost, tax revenue collected but not settled until October 2022, and loans to cover negative cash balances.

b. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste Fund	<u>\$ 69,929</u>

The advances represent prior year indirect cost.

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

Note 3: Interfund Transactions and Balances (Continued)

c. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 53,500
Other Governmental Funds	Other Governmental Funds	1,406,859
Other Governmental Funds	General Fund	\$ 250,844
Total		<u>1,711,203</u>

The purposes of interfund transfers were to provide funds to cover operating expenses and correct posting errors.

Note 4: Intergovernmental Receivables

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

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Emergency Management reimbursement	\$ 11,574
Land redemption	820
Legislative tag credit	119,240
Motor vehicle fuel tax	47,300
Sheriff fees	13,409
State aid roads	152,424
Tax collector fees	7,690
Timber severance tax	877
Truck & bus privilege tax	19,838
DHS Utility reimbursement	8,250
Total Governmental Activities	<u>\$ 381,422</u>
Business-type Activities:	
City of Calhoun City	\$ 7,370
City of Bruce	8,074
Three Rivers	53,901
town of Vardaman	36,839
Town of Derma	4,456
Total Business-type Activities	<u>\$ 110,640</u>

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

Note 5: Capital Assets

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

Governmental Activities:

	Balance 10/1/2021	Additions	Deletions	Adjustments*	Balance 9/30/2022
Non-depreciable capital assets:					
Land	\$ 593,687	-	-	-	593,687
Construction in progress	1,132,202	2,637,482	-	(1,253,659)	2,516,025
Total non-depreciable capital assets	1,725,889	2,637,482	-	(1,253,659)	3,109,712
Depreciable capital assets:					
Infrastructure	14,690,812	-	-	1,253,659	15,944,471
Buildings	10,794,700	-	-	-	10,794,700
Improvements other than buildings	634,842	-	-	-	634,842
Mobile equipment	4,525,623	82,114	126,206	1,452,332	5,933,863
Furniture and equipment	526,212	294,567	8,150	-	812,629
Leased property under capital leases	1,411,948	153,641	113,257	(1,452,332)	-
Total depreciable capital assets	32,584,137	530,322	247,613	1,253,659	34,120,505
Less accumulated depreciation for:					
Infrastructure	3,092,361	395,391	-	-	3,487,752
Buildings	3,888,149	187,612	-	-	4,075,761
Improvements other than buildings	270,006	25,394	-	-	295,400
Mobile equipment	3,819,434	71,805	99,942	625,332	4,416,629
Furniture and equipment	423,914	47,805	8,069	-	463,650
Leased property under capital leases	607,811	133,216	115,695	(625,332)	-
Total accumulated depreciation	12,101,675	861,223	223,706	-	12,739,192
Total depreciable capital assets, net	20,482,462	(330,901)	23,907	1,253,659	21,381,313
Governmental activities capital assets, net	\$ 22,208,351	2,306,581	23,907	-	24,491,025

Business-type Activities:

	Balance 10/1/2021	Additions	Deletions	Adjustments*	Balance 9/30/2022
Depreciable capital assets:					
Mobile equipment	\$ 766,324	294,626	-	426,266	1,487,216
Furniture and equipment	29,000	-	-	-	29,000
Leased property under capital leases	426,266	-	-	(426,266)	-
Total depreciable capital assets	1,221,590	294,626	-	-	1,516,216
Less accumulated depreciation for:					
Mobile equipment	628,547	51,502	-	167,588	847,637
Furniture and equipment	26,102	-	-	-	26,102
Leased property under capital leases	130,862	36,726	-	(167,588)	-
Total accumulated depreciation	785,511	88,228	-	-	873,739
Total depreciable capital assets, net	436,079	206,398	-	-	642,477
Business-type activities capital assets, net	\$ 436,079	206,398	-	-	642,477

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

Note 5: Capital Assets (Continued)

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 117,385
Public safety	79,207
Public works	625,010
Health and welfare	27,331
Culture and recreation	12,290
Total governmental activities depreciation expense	<u>\$ 861,223</u>
	<u>Amount</u>
Business-type Activities:	
Solid waste	<u>\$ 88,228</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>
EFL-0820(9)-CR 306 FLAP	3,503,084	9/23
ER-0813-00(008)LPA CR 136	105,345	9/23

Note 6: Claims and Judgments

Risk Financing.

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

The County finances its exposure to risk of loss relating to employee health and accident coverage through the Mississippi Public Employee Benefit Trust, a public entity risk pool. The pool is a claims-servicing organization with the County retaining the risk of loss on all claims to which the county is exposed. Premium payments to the pool are determined on an actuarial basis.

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

Note 6: Claims and Judgments (Continued)

The County has reinsurance, which functions on two separate stop loss coverages: specific and aggregate. These coverages are purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$35,000 and the aggregate policy covers all submitted claims in excess of \$1,000,000. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The following table provides changes in the balances of claims liabilities for fiscal years 2021 and 2022:

	<u>2021</u>	<u>2022</u>
Unpaid Claims, Beginning of Fiscal Year	\$ 175,584	227,961
Plus: Incurred Claims (Including IBNRs)	1,713,792	1,570,374
Less: Claims Payments	<u>(1,661,415)</u>	<u>(1,495,068)</u>
Unpaid Claims, End of Fiscal Year	<u>\$ 227,961</u>	<u>303,267</u>

Note 7: Leases

The County is a lessee for a noncancellable lease of computer equipment and lessor for a noncancellable lease of a building. For leases that have a maximum possible term of 12 months or less at commencement, the County recognizes expense based on the provisions of the lease contract. For all other leases, other than short-term, the County should recognize a lease and an intangible right-to-use lease asset along with an intangible right-to-use liability. However, due to the immaterial amounts of the leases, the County has elected to not record the intangible right-to-use asset nor the intangible right-to-use liability in the financial statements.

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

Note 8: 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 Rates</u>	<u>Final Maturity Date</u>
Governmental Activities:			
a. General Obligation Bonds:			
GO Refunding Bonds, Series 2016	\$ <u>2,025,000</u>	2.00-2.50%	03/2029
b. Finance Purchases:			
2018 Mack CHU 613 day cab	10,201	3.76%	02/2023
2019 Ford F-250 truck	7,391	4.04%	03/2023
Kubota tractor and Tiger mower	14,545	2.82%	04/2023
John Deere tractor	12,311	3.20%	06/2023
John Deere tractor/Tiger boom mower	28,662	3.32%	09/2023
2019 International	23,613	3.71%	12/2023
Mack truck & Palmer dump trailer	47,952	3.84%	03/2024
2020 Kenworth D-01	27,214	3.92%	06/2024
2021 Dodge Ram	27,684	2.78%	08/2027
CAT Excavator	114,952	2.78%	02/2027
Ferguson Towable Roller	20,350	0.00%	08/2023
2015 Mack dump truck	32,896	3.65%	02/2025
Total Finance Purchases	\$ <u>367,771</u>		
c. Other Loans:			
Fire house loan	\$ 10,202	3.00%	10/2024
E911 System	168,640	1.00%	11/2030
Total Other Loans	\$ <u>178,842</u>		
Business-type Activities:			
a. Finance Purchases:			
2020 Mack garbage truck	75,984	3.75%	08/2024
2020 Dodge Ram garbage truck	78,011	2.78%	03/2026
Garbage trucks & Automated Carts	410,274	1.00%	10/2026
Total Finance Purchases	\$ <u>564,269</u>		

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

Note 8: Long-term Debt (Continued)

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		Other Loans		Finance Purchases	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 280,000	40,075	\$ 22,184	1,886	\$ 202,623	10,859
2024	285,000	34,425	22,490	1,576	76,491	3,723
2025	295,000	28,625	19,459	1,274	38,212	2,022
2026	300,000	22,675	18,346	1,077	33,272	1,029
2027	310,000	16,381	18,533	2,515	17,173	685
2028-2032	555,000	12,544	77,830	1,627	-	-
Total	\$ 2,025,000	154,725	\$ 178,842	9,955	\$ 367,771	18,318

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

Business-type Activities:

Year Ending September 30,	Finance Purchases	
	Principal	Interest
2023	\$ 155,822	9,063
2024	162,540	6,089
2025	123,637	2,344
2026	113,527	744
2027	8,743	7
2028-2032	-	-
Total	\$ 564,269	18,247

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

Note 8: Long-term Debt (Continued)

Legal Debt Margin – The amount of debt, excluding specific exempt 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 1.99% 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 10/1/2021	Additions	Reductions	Adjustments	Balance 9/30/2022	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 135,185	-	3,037	-	132,148	-
General obligation bonds	2,300,000	-	275,000	-	2,025,000	280,000
Add bond premium	12,681	-	1,716	-	10,965	1,716
Capital leases	379,771	181,756	193,756	(367,771)	-	-
Finance purchases	-	-	-	367,771	367,771	202,623
Other loans	14,455	184,758	20,371	-	178,842	22,184
Total	<u>\$ 2,842,092</u>	<u>366,514</u>	<u>493,880</u>	<u>-</u>	<u>2,714,726</u>	<u>506,523</u>
Business-type Activities:						
Compensated absences	\$ 23,774	-	981	-	22,793	-
Capital leases	210,837	500,000	146,568	(564,269)	-	-
Finance purchases	-	-	-	564,269	564,269	155,822
Total	<u>\$ 234,611</u>	<u>500,000</u>	<u>147,549</u>	<u>-</u>	<u>587,062</u>	<u>155,822</u>

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, Road Maintenance Fund, Calhoun Transportation Services Fund, Youth Court Fund, Reappraisal Fund, Volunteer Fire Fund, Bridge Funds, E-911 Fund, Emergency Management Fund, and Solid Waste Fund.

Note 9: Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. Calhoun 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.

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

Note 9: Defined Benefit Pension Plan (Continued)

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 \$479,975, \$441,226, and \$418,155, 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 \$8,023,914 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 .038982 percent, which was based on a measurement date of June 30, 2022. This was an increase of .001118 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.

For the year ended September 30, 2022, the County recognized pension expense of \$915,558. At September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources at 9/30/22</u>	<u>Deferred Inflows of Resources at 9/30/22</u>
Differences between expected and actual experience	\$ 96,855	\$ -
Net difference between projected and actual earnings on pension plan investments	446,681	-
Changes of assumptions	284,050	-
Changes in proportion and differences between county contributions and proportionate share of contributions	321,296	-
County contributions subsequent to the measurement date	123,686	-
Total	<u>\$ 1,272,568</u>	<u>\$ -</u>

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

Note 9: Defined Benefit Pension Plan (Continued)

\$123,686 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 related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2023	\$	412,400
2024		320,245
2025	(19,164)
2026		435,401
Total	\$	<u>1,148,882</u>

Actuarial Assumptions. The total pension liability in the 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 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 100% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

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

The long-term expected rate of return on pension plan investments was determined using a 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 Location	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	1.00	(0.10)
Total	<u>100.00 %</u>	

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

Note 9: Defined Benefit Pension Plan (Continued)

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	\$ 10,472,027	\$ 8,023,914	\$ 6,005,569

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

Note 10: Contingencies

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

Note 11: Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of \$(4,112,154) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$113,593 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 \$1,056,145 balance of the deferred outflow of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years.

The governmental activities' net investment in capital assets net position of \$21,976,068 includes the effect of deferring the recognition of expenditures resulting for an advance refunding of County debt. The \$73,537 balance of deferred amount on refunding at September 30, 2022, will be recognized as an expense and will decrease the net investment in capital assets net position over the next seven years.

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

Note 11: Effect of Deferred Amounts on Net Position (Continued)

The business-type activities' unrestricted net position amount of \$(415,625) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$10,093 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 \$92,737 balance of the deferred outflow of resources related to pensions at September 30, 2022, will be recognized in pension expense over the next four years.

The business-type activities' unrestricted net position amount of \$(415,625) includes the effect of recognition of deferring the recognition of unearned revenues for future reporting periods. The \$76,649 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 few years.

Note 12: Related Organizations

The Calhoun County Board of Supervisors is responsible for appointing a voting majority of the members of the board of the Loosa Schoona 1 Drainage District, but the County's accountability for this organization does not extend beyond making appointments. During the tax year, the County levied a 50 cent per acre tax for the district.

The Calhoun County Board of Supervisors is responsible for appointing a voting majority of the members of the board of the Loosa Schoona 2 Drainage District, but the County's accountability for this organization does not extend beyond making appointments. During the tax year, the County levied a 50 cent per acre tax for the district.

The Calhoun County Board of Supervisors is responsible for appointing a voting majority of the members of the board of the Topashaw Drainage District, but the County's accountability for this organization does not extend beyond making appointments. During the tax year, the County levied a 20 cent per acre tax for the district.

The Calhoun County Board of Supervisors is responsible for appointing a voting majority of the members of the board of the Yalobusha Drainage District, but the County's accountability for this organization does not extend beyond making appointments. During the tax year, the County levied a 13 cent per acre tax for the district.

The Calhoun County Board of Supervisors is responsible for appointing a voting majority of the members of the board of the Persimmon Creek Drainage District, but the County's accountability for this organization does not extend beyond making appointments. During the tax year, the County levied a 25 cent per acre tax for the district.

The Calhoun County Board of Supervisors is responsible for appointing a voting majority of the members of the board of the Otoucalofa Drainage District, but the County's accountability for this organization does not extend beyond making appointments. During the tax year, the County levied a 50 cent per acre tax for the district.

Note 13: Joint Ventures

The County participates in the following joint ventures:

Calhoun County is a participant with Chickasaw and Pontotoc Counties in a joint venture, authorized by Section 39-3-11, Miss. Code Ann. (1972), to operate the Dixie Regional Library System. The Regional Library is governed by a five-member board appointed by the Boards of Supervisors: two from the Library Board of Calhoun County, one from the Library Board of Chickasaw County, and two from the Library Board of Pontotoc County. The County appropriated \$91,050 for the joint venture in fiscal year 2022. Complete financial statements for the Dixie Regional Library can be obtained from the Dixie Regional Library System, 111 North Main Street, Pontotoc, Mississippi, 38863.

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

Note 14: Jointly Governed Organizations

The County participates in the following jointly governed organizations:

Three Rivers Planning and Development District operates in a district composed of the Counties of Calhoun, Chickasaw, Itawamba, Lafayette, Lee, Monroe, Pontotoc and Union. The Calhoun County Board of Supervisors appoints five of the 40 members of the board of directors. The County supported the district through payment for various services in fiscal year 2022.

Communicare operates in a district composed of the Counties of Calhoun, Lafayette, Marshall, Panola, Tate and Yalobusha. The Calhoun County Board of Supervisors appoints one of the six members of the board of commissioners. The County appropriated \$25,057 for Communicare in fiscal year 2022.

Northwest Mississippi Community College operates in a district composed of the Counties of Benton, Calhoun, DeSoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica and Yalobusha. The Calhoun County Board of Supervisors appoints 2 of the 23 members of the college board of trustees. The County appropriated \$203,179 for maintenance and support of the college in fiscal year 2022.

Three Rivers Solid Waste Management Authority operates in a district composed of the Counties of Calhoun, Itawamba, Lafayette, Lee, Monroe, Pontotoc and Union. The Calhoun County Board of Supervisors appoints one of the seven members of the board. The County did not appropriate any monies for support of the authority in fiscal year 2022. The entity is fiscally independent of the members. Members are billed based on the volume of solid waste disposal.

Note 15: Tax Abatements

GASB 77 requires governments that enter into tax abatement agreements to disclose certain information regarding those abatements. The Calhoun County Board of Supervisors enters into property tax abatement agreements with local industry under Sections 27-31-101 and 27-31-105 of the Mississippi Code Annotated (1972). Under the code, the County has the authority in their discretion to exempt from any or all county ad valorem taxes, excluding ad valorem taxes for school districts, the mandatory mill, community college tax levies, and police/fire protection levies.

Mississippi Code Section 27-31-101 allows County Board of Supervisors, at their discretion, to grant tax exemptions for new enterprises from ad valorem taxation for a period not to exceed 10 years. The date of completion of the new enterprise is when the exemption shall begin. The various new enterprises which fall under this code section and are eligible for an exemption are determined by the Mississippi Department of Revenue and are limited to the following: warehouse and/or distribution centers, manufacturing, processors and refineries, research facilities, corporate regional and national headquarters meeting minimum criteria established by the Mississippi Development Authority, recreational facilities that impact tourism and data/information procession enterprises that both meet minimum established criteria, technology intensive enterprises or facilities, health care industry facilities as defined in Code Section 57-117-3, and telecommunications enterprises meeting minimum criteria.

Mississippi code Section 27-31-105 allows County Board of Supervisors, at their discretion, to grant tax exemptions for any enterprise who makes additions to or expansions of the facilities or properties or replaces equipment used in conjunction with or necessary to the operation of such enterprises from ad valorem taxation for a period not to exceed 10 years. The initial request for exemption must be made in writing by June 1st of the year immediately following the year in which the additions, expansions, or replacements are completed. The time of the exemption shall commence from the date of completion of the additions, expansions, or replacements and shall extend for a period not to exceed 10 years, however the County Board of Supervisors in lieu of granting the exemption for one period of 10 years, may grant the exemption in consecutive periods of five years each, not to exceed 10 years.

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

Note 15: Tax Abatements (Continued)

A detailed listing of the property tax abatement agreements Calhoun County has entered into for the fiscal year ended September 30, 2022 is listed in the table below:

<u>Name</u>	<u>Assessed Value</u>	<u>Millage Abated</u>	<u>Tax Abated</u>
Weyerhouser	8,673,340	0.069	594,124
Furniture Wood Products	<u>309,571</u>	0.069	<u>21,206</u>
	<u>\$ 8,982,911</u>		<u>\$ 615,330</u>

Note 16: Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Calhoun County evaluated the activity of the County through December 27, 2024, (the date the financial statements were available to be issued), and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

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

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/2/2023	5.50%	82,240	Finance purchase	Ad Valorem Tax
1/2/2024	5.50%	113,675	Other Loan	Garbage Fee
1/12/2024	5.50%	84,666	Other Loan	Garbage Fee
2/29/2024	5.50%	349,061	Other Loan	Ad Valorem Tax
5/6/2024	6.15%	75,000	Finance purchase	Garbage Fee
5/20/2024	5.78%	22,235	Other Loan	Ad Valorem Tax
5/20/2024	5.69%	44,485	Other Loan	Ad Valorem Tax
5/20/2024	5.65%	119,436	Finance purchase	Ad Valorem Tax
6/3/2024	5.65%	67,222	Other Loan	Ad Valorem Tax

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 3,419,164	3,940,847	3,940,847	-
Licenses, commissions and other revenue	117,000	150,723	150,723	-
Fines and forfeitures	175,000	160,273	160,273	-
Intergovernmental revenues	500,000	2,064,635	2,013,795	(50,840)
Charges for services	-	-	50,840	50,840
Interest income	18,500	14,640	7,240	(7,400)
Miscellaneous revenues	80,000	159,084	166,483	7,399
Total Revenues	<u>4,309,664</u>	<u>6,490,202</u>	<u>6,490,201</u>	<u>(1)</u>
EXPENDITURES				
Current:				
General government	3,251,781	3,220,290	3,220,291	(1)
Public safety	1,093,042	1,188,236	1,187,726	510
Health and welfare	159,751	96,658	152,224	(55,566)
Culture and recreation	230,100	55,566	-	55,566
Education	-	203,179	203,179	-
Conservation of natural resources	89,990	81,355	81,355	-
Economic development and assistance	-	20,330	20,330	-
Debt service principal	-	-	431	(431)
Debt service interest	-	-	78	(78)
Total Expenditures	<u>4,824,664</u>	<u>4,865,614</u>	<u>4,865,614</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(515,000)</u>	<u>1,624,588</u>	<u>1,624,587</u>	<u>(1)</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	-	21,950	21,950	-
Transfers in	-	53,500	53,500	-
Transfers out	<u>(85,000)</u>	<u>(253,844)</u>	<u>(253,844)</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>(85,000)</u>	<u>(178,394)</u>	<u>(178,394)</u>	<u>-</u>
Net Change in Fund Balance	<u>(600,000)</u>	<u>1,446,194</u>	<u>1,446,193</u>	<u>(1)</u>
Fund Balances - Beginning	<u>600,000</u>	<u>826,426</u>	<u>885,502</u>	<u>59,076</u>
Fund Balances - Ending	<u>\$ -</u>	<u>2,272,620</u>	<u>2,331,695</u>	<u>59,075</u>

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

CALHOUN COUNTY, MISSISSIPPI
 Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
 State Aid Road Fund
 For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 50,000	188,072	188,072	-
Total Revenues	<u>50,000</u>	<u>188,072</u>	<u>188,072</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works	50,000	178,660	178,660	-
Total Expenditures	<u>50,000</u>	<u>178,660</u>	<u>178,660</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>-</u>	<u>9,412</u>	<u>9,412</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	9,412	9,412	-
Fund Balances - Beginning	<u>-</u>	<u>45,451</u>	<u>45,451</u>	<u>-</u>
Fund Balances - Ending	<u>\$ -</u>	<u>54,863</u>	<u>54,863</u>	<u>-</u>

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

CALHOUN COUNTY, MISSISSIPPI
Schedule of the County's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
County's proportion of net pension liability	0.038982	0.037864	0.035814%	0.035212%	0.034481%	0.033995%	0.034282%	0.034307%	0.034177%
County's proportionate share of the net pension liability	\$ 8,023,914	\$ 5,596,465	\$ 6,933,174	\$ 6,194,486	\$ 5,735,214	\$ 5,651,124	\$ 6,123,624	\$ 5,303,186	\$ 4,148,462
County's covered payroll	\$ 2,683,551	\$ 2,517,583	\$ 2,384,729	\$ 2,293,235	\$ 2,201,911	\$ 2,180,787	\$ 2,193,124	\$ 2,143,283	\$ 2,088,381
County's proportionate share of the net pension liability as a percentage of its covered payroll	299.00%	222.30%	290.73%	270.12%	260.47%	259.13%	279.22%	247.43%	198.64%
Plan fiduciary net position as a percentage of the total pension liability	59.93%	70.44%	58.54%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

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

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

CALHOUN COUNTY, MISSISSIPPI
Schedule of County Contributions
Last 10 Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 479,975	441,226	418,155	\$ 375,477	\$ 350,838	\$ 342,300	\$ 317,971	\$ 341,593	\$ 325,615
Contribution in relation to the contractually required contribution	(479,975)	(441,226)	(418,155)	(375,477)	(350,838)	(342,300)	(317,971)	(341,593)	(325,615)
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
County's covered payroll	\$ 2,758,474	2,535,780	2,403,191	\$ 2,321,174	\$ 2,227,539	\$ 2,173,333	\$ 2,018,863	\$ 2,168,844	\$ 2,067,397
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	16.18%	15.75%	15.75%	15.75%	15.75%	15.75%

* The schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 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 Required Supplementary Information are an integral part of this schedule.

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

Budgetary Comparison Schedule

A. Budgetary Information

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

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

B. Basis of Presentation

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

C. Budget/GAAP Reconciliation

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

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

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

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>State Aid</u>
	<u>Fund</u>	<u>Road Fund</u>
Budget (Cash Basis)	\$ 1,446,193	9,412
Increase (Decrease)		
Net adjustments for revenue accruals	(8,756)	1,966,276
Net adjustments for expenditure accruals	(77,373)	(1,984,756)
GAAP Basis	\$ <u>1,360,064</u>	<u>(9,068)</u>

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

Pension Schedules

A. Changes of assumptions

2015

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

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

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

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

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

2016

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

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022 rather than projected with Scale BB to 2016, which was used prior to 2017. Small adjustments were also made to the Mortality Table for disabled lives.

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

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

2019

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

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.

For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

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

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

For males, 137% of male rates at all ages.

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

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

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

A. Changes of assumptions (Continued)

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, 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 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 retirees with the following adjustments:

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

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

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

The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:

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

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

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

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

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

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

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

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

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

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

B. Changes in benefit provisions

2016

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

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

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

SUPPLEMENTARY INFORMATION

CALHOUN COUNTY, MISSISSIPPI
Supplementary Information
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture (Direct)</u>			
Payments in Lieu of Taxes	15.226	N/A	\$ 48,249
Total U.S. Department of Agriculture			<u>48,249</u>
<u>U.S. Department of the Treasury</u>			
Coronavirus - State and Local Fiscal Rec Funds (SLFRF 2022)	21.027	N/A	1,211,121
Total U.S. Department of the Treasury			<u>1,211,121</u>
<u>U.S. Department of Defense</u>			
Passed-through Mississippi Emergency Management Agency:			
Flood Control	12.106	N/A	79,657
Total passed-through Mississippi Emergency Management Agency			<u>79,657</u>
Total U.S. Department of Defense			<u>79,657</u>
<u>U.S. Department of Transportation/Federal Aviation Administration</u>			
Airport Improvement Program	20.106	N/A	37,307
Total U.S. Department of Transportation			<u>37,307</u>
Total for All Federal Awards			<u><u>\$ 1,376,334</u></u>

Notes to Schedule of Expenditures of Federal Awards

Note A – Significant Account Policies

The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Calhoun County, It is not intended too and does not present the financial position, changes in net position, or cash flows of Calhoun County. Expenditures reported on the Schedule are reported on the current financial resource measurement focus and the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in the previous year.

Note B – Indirect Cost Rate

Calhoun County has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

OTHER INFORMATION

CALHOUN COUNTY, MISSISSIPPI
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2022
Unaudited

Name	Position	Company	Bond
Charles Bobo	Supervisor District 1	Western Surety Company	\$ 100,000
Homer "Tony" Moore	Supervisor District 2	RLI Insurance	100,000
Gerald Thompson	Supervisor District 3	Western Surety Company	100,000
Barney J. Wade	Supervisor District 4	Western Surety Company	100,000
Tony Morgan	Supervisor District 5	Western Surety Company	100,000
Kathy Poyner	Chancery Clerk	Western Surety Company	100,000
Kristen Lucious	Purchase Clerk	Western Surety Company	100,000
Charles W. Jones	Assistant Receiving Clerk	Western Surety Company	50,000
James Lollar	Receiving Clerk	Western Surety Company	50,000
Willie Moore	Receiving Clerk	RLI Insurance	50,000
Christopher Nix	Assistant Receiving Clerk	Western Surety Company	50,000
Cassie F Bryant	Inventory Control Clerk	Western Surety Company	75,000
James Vanlandingham	Constable	FCCI Insurance Company	50,000
Carlton Baker	Circuit Clerk	State Farm	100,000
L. Sinatra Cruthirds	Deputy Circuit Clerk	Western Surety Company	100,000
Deborah Harrelson	Deputy Circuit Clerk	Western Surety Company	100,000
Penny D Nichols	Deputy Circuit Clerk	Western Surety Company	100,000
Greg Pollan	Sheriff	Western Surety Company	100,000
Tracie McGuirt	Justice Court Clerk	Western Surety Company	50,000
Teresa Warner	Deputy Justice Court Clerk	Western Surety Company	50,000
Markial Scott Ferguson	Justice Court Judge	Western Surety Company	10,000
Jim Vance	Justice Court Judge	Western Surety Company	50,000
Bill K Malone	Tax Assessor-Collector	Travelers	100,000
Wanda Harrison	Deputy Tax Assessor-Collector	Western Surety Company	50,000
Andrea Howell	Deputy Tax Assessor-Collector	Western Surety Company	50,000
Peggy Neese	Deputy Tax Assessor-Collector	Western Surety Company	50,000
Sherry Hardin White	Deputy Tax Assessor-Collector	Western Surety Company	50,000
Shelia Winter	Deputy Tax Assessor-Collector	Western Surety Company	10,000
Lisa Litton	Deputy Tax Assessor-Collector	Western Surety Company	50,000
Maria Nolen	Deputy Tax Assessor-Collector	Western Surety Company	50,000

SPECIAL REPORTS



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

Members of the Board of Supervisors
Calhoun County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Calhoun County, Mississippi, (the County) as of and for the year ended September 30, 2022, and the related notes to financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 27, 2024. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Calhoun 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 Calhoun County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of Calhoun County, Mississippi's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

We noted certain matters that we reported to the management of Calhoun County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated December 27, 2024, included within this document.

Calhoun County, Mississippi's Response to Findings

Governmental Auditing Standards requires the auditor to perform limited procedures on Calhoun County, Mississippi's responses to the findings identified in our audit and described in the accompanying schedule of Findings and Questioned Cost. Calhoun County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

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.

McKenzie CPA, PLLC
Madison, Mississippi
December 27, 2024

A handwritten signature in blue ink that reads "McKenzie CPA, PLLC". The signature is written in a cursive, flowing style.



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Members of the Board of Supervisors
Calhoun County, Mississippi

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Calhoun County's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Calhoun County's major federal programs for the year ended September 30, 2022. Calhoun County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Calhoun County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Calhoun County and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Calhoun County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Calhoun County's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Calhoun County's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The

risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Calhoun County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Calhoun County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Calhoun County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Calhoun County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

McKenzie CPA, PLLC
Madison, Mississippi
December 27, 2024





McKENZIE CPA, PLLC

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Madison, MS 39110
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INDEPENDENT ACCOUNTANTS' 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
Calhoun County, Mississippi

We have examined Calhoun 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 Calhoun 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 Calhoun 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.

In our opinion, Calhoun 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.

This report is intended for use in evaluating Calhoun 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.

McKenzie CPA, PLLC
Madison, Mississippi
December 27, 2024

CALHOUN COUNTY, MISSISSIPPI
Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2022

Schedule 1

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
12/6/2021	Inmate meals	\$8 per day	United Outreach	\$7 per day	Poor performance and food quality
4/14/2022	Lawn Mower	\$ 9,638	Bowles Garage	\$ 7,200	Vendor slow on getting parts

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

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
5/2/2022	Culverts	\$ 44,007	The Railroad Yard, Inc	Washout due to storms

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

Schedule 3

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



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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Calhoun County, Mississippi

In planning and performing our audit of the financial statements of Calhoun County, Mississippi for the year ended September 30, 2022, we considered Calhoun 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 Calhoun 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 December 27, 2024, on the financial statements of Calhoun County, Mississippi.

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

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

Chancery Clerk.

1.	<u>Public Officials Should Ensure Compliance with State Law over Bank Deposits.</u>
Repeat Finding	Yes, 2021 Finding 1, 2020 Finding 1
Criteria	<i>Section 25-1-72, Mississippi Code Annotated (1972)</i> , states, "All county officers who receive funds payable into the county treasury shall deposit such funds into the county depository on the day when they are collected or on the next business day thereafter."
Condition	During testing procedures performed, ten (10) out of the fifteen (15) receipts tested were deposited between two (2) and twenty (20) days after the money was receipted.
Cause	Weak internal controls
Effect	Failure to make timely bank deposits could result in the loss or misappropriation of public funds.
Recommendation	We recommend the Chancery Clerk implement internal controls to ensure that bank deposits are made on a timely basis.

View of Responsible Official(s) I agree with the auditor's finding. Despite the many duties of the Chancery Clerk, I will make every effort to make timely deposits.

2. Public Officials Should Ensure Compliance with State Law over Surety Bonds

Repeat Finding Yes, 2021 Finding 2, 2020 Finding 2

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

Condition As a result of procedures performed, we noted the following exceptions with the County's surety bonds:

- Two (2) Receiving Clerks, one (1) road manager, and (1) purchase clerk did not have bonds on record.
- One (1) Deputy Tax Assessor/Collector, and one (1) Justice Court Judge had bonds less than the amount required by law.

Cause Weak internal controls

Effect Failure to have a bond in place for a specific term or office could limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation We recommend the Public Officials ensure that the Officials are bonded as required by *Section 25-1-15*.

View of Responsible Official(s) Justice Court Judge: My bond problem is in the process of being fixed starting in my new term of office.

Tax Assessor/Collector: Clerk is only Deputy Tax Assessor, not a collector. Will be corrected on the new bond.

The Chancery Clerk has created a spread sheet in reference to the bonds, their inception date and expiration date in hopes to make it easier to keep up with which bonds need renewed. The Chancery Clerk has also made sure the address was changed to the courthouse post office box, to ensure renewal notices were received.

3. Public Officials Should Strengthen Internal Controls over Accountability of Assets

Repeat Finding Yes, 2021 Finding 3, 2020 Finding 3

Criteria Management is responsible for establishing a proper internal control system to ensure strong financial accountability for the safeguarding of assets and revenue.

Condition Cash collection and disbursement functions in the Tax Assessor-Collector's office are not adequately segregated for effective internal controls and therefore, controls over cash are inadequate.

Cause The following exceptions were noted:

1) The Tax Assessor-Collector had insufficient segregation of duties.

- The bookkeeper posts all transactions, daily collection and settlements to the manual cash journal;
- The bookkeeper prepares the monthly settlements and posts them to the cash journal. The Tax Assessor-Collector usually signs the checks for settlements, but the bookkeeper is also an authorized signor on the bank account; and
- Daily collections are given to the bookkeeper at 5 pm each day, and the money is locked in a heavy-duty file cabinet until the deposit is made the following day.

2) A deficit was identified in a prior year's audit (2013) of \$22,130. There was no determination made as to what created the deficit. However, the Tax Assessor-Collector is liable for the amount of the shortage.

Effect Lack of segregation of duties and inadequate controls surrounding the deposit of revenue collections could result in misappropriation of assets and improper revenue recognition.

Recommendation We recommend the Tax Assessor-Collector strengthen controls to ensure that there is adequate segregation of duties in the recording and settlement functions, as well as implement a system to safeguard cash collections adequately. All future revenue collected within the Tax Assessor-Collector's office should be appropriately receipted and deposited..

View of Responsible Official Efforts will be made to correct these deficiencies, as noted.

Circuit Clerk.

4. Public Officials Should Ensure Internal Control over Compliance with Statutory Fees

Repeat Finding Yes, 2021 Finding 5, 2020 Finding 4

Criteria *Section 23-15-225, Mississippi Code Annotated (1972)*, requires the County Registrar pay to be based on population per the U.S. Census data results.

Condition As a result of procedures performed, we noted that the Circuit Clerk was overpaid based on the 2010 U.S Census data. The U.S. Census Bureau's official 2010 population total in Calhoun County was 14,962.

Cause Weak internal controls

Effect Failure to comply with statutory fees resulted in overpayment of \$1,610 for the fiscal year.

Recommendation We recommend that the County complies with statutory fee payments for the County Registrar as required by *Section 23-15-225, Mississippi Code Annotated (1972)*.

View of Responsible Official(s) Circuit Clerk: Since my original term, the population of Calhoun County has decreased per the U.S. Census Bureau's data. I was unaware of the decrease in population causing my overpayment. Since being notified about the overpayment, I have corrected the fee payment to be in compliance with *Section 23-15-225, Mississippi Code Annotated (1972)*. The Circuit Clerk is currently repaying the amount due to the County on a monthly basis until paid in full.

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

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

McKenzie CPA, PLLC
Madison, Mississippi
December 27, 2024

McKenzie CPA, PLLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CALHOUN COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022

Section 1: Summary of Auditors' Results

Financial Statements:

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

Governmental activities	Unmodified
Business-type activities	Unmodified
Aggregate discretely presented component unit	Adverse
General Fund	Unmodified
State Aid Road Fund	Unmodified
Solid Waste Fund	Unmodified
Aggregate remaining fund information	Unmodified

2. Internal control over financial reporting:

a. Material weaknesses identified?	Yes
b. Significant deficiencies identified that are not considered to be a material weakness?	None reported

3. Noncompliance material to the financial statements noted? No

Federal Awards:

4. Internal control over major federal programs:

a. Material weakness(es) identified?	No
b. Significant deficiency (ies) identified?	None reported

5. Type of auditor's report issued on the compliance for major federal programs: Unmodified

6. Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

7. Identification of major federal programs:

a. ALN #21.027 Coronavirus – State and Local Fiscal Recovery Funds

8. Dollar threshold to distinguish between type A and B programs: \$750,000

9. Auditee qualified as a low-risk auditee No

10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? Yes

Section 2: Financial Statement Findings

Tax Assessor-Collector
Material Weakness

2022-001 Controls over cash collections and disbursements in the Tax Assessor-Collector's office should be strengthened.

Repeat Finding Yes, 2021-001, 2020-001, 2019-001, 2018-001, 2017-002, 2016-002, 2015-002, 2014-002, 2013-006.

Criteria	Management is responsible for establishing a proper internal control system to ensure strong financial accountability for the safeguarding of assets and revenue.
Condition	Cash collection and disbursement functions in the Tax Assessor-Collector's office are not adequately segregated for effective internal controls and therefore, controls over cash are inadequate.
Cause	<p>The following exceptions were noted:</p> <ol style="list-style-type: none"> 1) The Tax Assessor-Collector had insufficient segregation of duties. <ul style="list-style-type: none"> • The bookkeeper posts all transactions, daily collection and settlements to the manual cash journal; • The bookkeeper prepares the monthly settlements and posts them to the cash journal. The Tax Assessor-Collector usually signs the checks for settlements, but the bookkeeper is also an authorized signor on the bank account; and • Daily collections are given to the bookkeeper at 5 pm each day, and the money is locked in a heavy-duty file cabinet until the deposit is made the following day. 2) A deficit was identified in a prior year's audit (2013) of \$22,130. There was no determination made as to what created the deficit. However, the Tax Assessor-Collector is liable for the amount of the shortage.
Effect	Lack of segregation of duties and inadequate controls surrounding the deposit of revenue collections could result in misappropriation of assets and improper revenue recognition.
Recommendation	We recommend the Tax Assessor-Collector strengthen controls to ensure that there is adequate segregation of duties in the recording and settlement functions, as well as implement a system to safeguard cash collections adequately. All future revenue collected within the Tax Assessor-Collector's office should be appropriately receipted and deposited. The Tax Assessor-Collector should pay the amount of the shortage noted in the cash journal as of September 30, 2022.
View of Responsible Official	Efforts will be made to correct these deficiencies, as noted.
Justice Court Clerk Material Weakness 2022-002	Controls over cash collections and disbursements in the Justice Court Clerk's office should be strengthened.
Repeat Finding:	Yes, 2021-002, 2020-002 2019-002, 2018-002, 2017-003, 2016-003, 2015-003, 2014-003, 2013-007.
Criteria	An effective system of internal control over cash should include an adequate segregation of duties.
Condition	As reported in the prior nine audits, it was noted that cash collection and disbursement functions in the Justice Court Clerk's office are not adequately segregated for effective internal control and therefore, controls over cash are inadequate.
Cause	The Justice Court Clerk receipts cash, prepares all bank deposits, maintains the cash journals, reconciles the bank statements, calculates the monthly settlements and disburses all funds.
Effect	Failure to implement controls over cash in the Justice Court Clerk's office could potentially result in the loss or misappropriation of public funds.

Recommendation	The Justice Court Clerk should ensure there is adequate segregation of duties in the collecting, recording and settlement functions.
View of Responsible Official	Calhoun County Justice Court consist of two (2) employees. The Justice Court Clerk and Deputy Clerk. The Justice Court Clerk has requested a part time helper but has been turned down each time. The Clerk and Deputy clerk both receipts cash and the daily bank deposits. If the Deputy clerk does the deposit for that day the clerk will run the report. If the clerk does the deposit for that day the Deputy clerk will run the report. Since there is only 2 of us in the office the clerk is the only one authorized to write checks or disburse cash. We do ensure adequate segregation of duties when possible. We are very limited on what we can and cannot do being there is only the 2 of us. Collection and Accounting duties are separated between the clerk and deputy clerk within the office.

Board of Supervisors Calhoun County, Mississippi

Chancery Clerk - Kathy Poynor

Attorney - Sonny Clanton

Charles Bobo, District 1
Barney Wade, District 4, President

Homer Moore, District 2
Tony Morgan, District 5, Vice-President

Gerald Thompson, District 3
Kristen Lucius, Purchasing Clerk

Calhoun County respectfully submits the following Corrective Action Plan for the year ended September 30, 2022.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Finding 2021-001 Corrective Action Plan

- a. Contact person responsible for corrective action:
Bill Malone, Tax Assessor-Collector
- b. Description of correction action to be taken:
Tax Assessor-Collector will strengthen controls to ensure that there is adequate segregation of duties surrounding the recording and settlement functions.
- c. Anticipated completion date of corrective action:
We will immediately take action to correct these issues going forward.

Finding 2021-002 Corrective Action Plan

- a. Contact person responsible for corrective action:
Tracy McGuirt, Justice Court Clerk
- b. Description of Correction action to be taken:
Justice Court Clerk will strengthen controls to ensure that there is adequate segregation of duties in the collecting, recording and settlement functions.
- c. Anticipated completion date of corrective action:
We will ensure segregation of duties for collection, settlement and accounting function.

Calhoun County
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2022

FINANCIAL STATEMENT FINDINGS

- 2021-001 Finding
Cash collection and disbursement functions in the Tax Assessor-Collector's office are not adequately segregated for effective internal controls and therefore, controls over cash are inadequate.
- Disposition: This will be a repeat finding for 2022
- 2021-002 Finding
Cash collection and disbursement functions in the Justice Court Clerk's office are not adequately segregated for effective internal control and therefore, controls over cash are inadequate.
- Disposition: This will be a repeat finding for 2022

STATE COMPLIANCE FINDINGS

- 2021-001 Finding
Section 25-1-72, Mississippi Code Annotated (1972), states, "All county officers who received funds payable into the county treasury shall deposit such funds into the county depository on the day when they are collected or on the next business day thereafter."
- Disposition: This will be a repeat finding for 2022
- 2021-002 Finding
Section 25-1-15, Mississippi Code Annotated (1972), requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor.
- Disposition: This will be a repeat finding for 2022
- 2021-003 Finding
Cash collection and disbursement functions in the Tax Assessor-Collector's office are not adequately segregated for effective internal controls and therefore, controls over cash are inadequate.
- Disposition: This will be a repeat finding for 2022
- 2021-004 Finding
The County is responsible for complying with the requirements of the State of Mississippi County Fixed Assets Management Manual, prescribed for county government as required by *Section 7-7-211, Mississippi Code Annotated (1972)*, and other Code Sections.
- Disposition: This finding was corrected in fiscal year 2022 and will not be a repeat finding
- 2021-005 Finding
Section 23-15-225, Mississippi Code Annotated (1972), requires the County Registrar pay to be based on population per the U.S. Census data results.
- Disposition: This will be a repeat finding for 2022

FEDERAL AWARD FINDINGS

There were no federal award findings for Calhoun County for FYE 2021.