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**TIPPAH COUNTY, MISSISSIPPI**  
**AUDITED FINANCIAL STATEMENTS**  
**AND SPECIAL REPORTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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## **FINANCIAL SECTION**

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**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Tippah County, Mississippi

**Adverse and Unmodified Opinions**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Tippah County, Mississippi, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Tippah County, Mississippi's basic financial statements as listed in the table of contents.

Summary of Opinions:

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
General Fund	Unmodified
County-wide Road Maintenance Fund	Unmodified
Aluma Form Fund	Unmodified
American Rescue Plan Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

**Adverse Opinion on Aggregate Discretely Presented Component Units**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of Tippah County, Mississippi as of September 30, 2023, or the changes in financial position or cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Unmodified Opinions on Governmental Activities, Each Major Fund, and Aggregate Remaining Fund Information**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Tippah County, Mississippi, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Tippah County Health Services, component unit, which represents 100 percent of the assets, net position, and revenues of the aggregate discretely presented component unit column as of September 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the aforementioned component unit, are based solely on the report of the other auditors.

**Basis for Adverse and Unmodified Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Tippah County, Mississippi, 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 audit opinions.

## **Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units**

The financial statements do not include financial data for the Tippah County Development Foundation, a 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 Tippah County, Mississippi also issues financial statements for the financial reporting entity that include the financial data for its component units. Tippah County, Mississippi has not issued such reporting entity financial statements. The effects of not including the financial data for Tippah County Development Foundation on the aggregate discretely presented component units have 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 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 Tippah County, Mississippi's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tippah County, Mississippi's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tippah County, Mississippi'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 Management's Discussion and Analysis, the Budgetary Comparison Schedules and corresponding notes, the Schedule of the County's and Component Unit's Proportionate Share of the Net Pension Liability, the Schedule of the County's and Component Unit's Contributions - PERS, 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**

The County 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 Tippah 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*, and the Reconciliation of Operating Costs of Solid Waste are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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, based on our audit, the Schedule of Expenditures of Federal Awards and the Reconciliation of Operating Costs of Solid Waste are 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 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 June 20, 2025, on our consideration of the County'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 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 the County'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 the County's internal control over financial reporting and compliance.



Tupelo, MS  
June 20, 2025

## **FINANCIAL STATEMENTS**



**Tippah County**  
**Statement of Net Position**  
**September 30, 2023**

**Exhibit 1**

	Primary Government Governmental Activities	Component Unit Tippah County Health Services
<b>ASSETS</b>		
Cash	\$ 12,727,825	3,937,419
Restricted assets - cash		895,836
Property tax receivable	7,451,524	
Patient accounts receivable (net of allowance for uncollectibles of \$4,812,792)		2,928,254
Fines receivable (net of allowance for uncollectibles of \$694,737)	511,578	
Financed purchase receivable	3,101,252	
Intergovernmental receivables	323,866	
Estimated third party payor settlements		265,190
Inventories and prepaid items	11,681	468,964
Other receivables	129,334	912,280
Other assets		325,359
Leverage loan receivable		17,625,100
Capital assets:		
Land and construction in progress	2,723,883	252,406
Other capital assets, net	28,259,260	25,470,308
<b>Total Assets</b>	<b>55,240,203</b>	<b>53,081,116</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	2,545,437	5,209,810
<b>Total Deferred Outflows of Resources</b>	<b>2,545,437</b>	<b>5,209,810</b>
<b>LIABILITIES</b>		
Claims payable	2,018,992	698,829
Accrued expenses		644,628
Patient accounts receivable - credit balances		579,570
Intergovernmental payables	273,628	
Accrued interest payable	149,658	
Unearned revenue	3,187,186	
Amounts held in custody for others	36,075	
Long-term liabilities:		
Due within one year:		
Capital debt	1,179,819	168,417
Non-capital debt		264,135
Lease liabilities	58,380	
Subscription-based IT liabilities		10,713
Due in more than one year:		
Capital debt	12,537,610	244,726
Non-capital debt	64,632	6,336,824
Lease liabilities	344,519	22,900,556
Subscription-based IT liabilities		16,809
Net pension liability	12,609,866	23,334,640
<b>Total Liabilities</b>	<b>32,460,365</b>	<b>55,199,847</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	305,500	728,180
Property tax for future reporting period	7,451,524	
<b>Total Deferred Inflows of Resources</b>	<b>7,757,024</b>	<b>728,180</b>
<b>NET POSITION</b>		
Net investment in capital assets	16,862,815	2,381,493
Restricted:		
Expendable:		
Public safety	1,928,037	
Public works	2,003,010	
Health and welfare	51,921	
Economic development and assistance	284,751	
Debt service	993,689	
Unrestricted	(4,555,972)	(18,594)
<b>Total Net Position</b>	<b>\$ 17,568,251</b>	<b>2,362,899</b>

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

**Tippah County**  
**Statement of Activities**  
**For the Year Ended September 30, 2023**

**Exhibit 2**

For the Year Ended September 30, 2023			Net (Expense) Revenue and Changes in Net Position			
Functions/Programs	Expenses	Program Revenues			Primary Government	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Unit
Primary government:						
Governmental activities:						
General government	\$ 3,665,851	358,292	6,034	153,067	(3,148,458)	
Public safety	1,686,528	410,743	1,240,517	192,500	157,232	
Public works	7,378,968	130,522	2,438,984	2,784,105	(2,025,357)	
Health and welfare	441,121		82,503	55,907	(302,711)	
Culture and recreation	165,405	3,923			(161,482)	
Conservation of natural resources	119,754	30,496	20,076		(69,182)	
Economic development and assistance	594,066		121,143		(472,923)	
Interest on long-term debt	435,616				(435,616)	
Pension expense	1,696,755				(1,696,755)	
Total Governmental Activities	<u>16,184,064</u>	<u>933,976</u>	<u>3,909,257</u>	<u>3,185,579</u>	<u>(8,155,252)</u>	
Component unit:						
Tippah County Health Services	<u>25,746,510</u>	<u>20,331,450</u>	<u>1,601,474</u>			<u>(3,813,586)</u>
Total Component Unit	<u>\$ 25,746,510</u>	<u>20,331,450</u>	<u>1,601,474</u>	<u>-0-</u>		<u>(3,813,586)</u>
General revenues:						
Property taxes				\$ 8,457,736		
Road & bridge privilege taxes				268,746		
Grants and contributions not restricted to specific programs				489,934		
Unrestricted interest income				76,743		195,983
Miscellaneous				<u>466,608</u>		
Total General Revenues				<u>9,759,767</u>		<u>195,983</u>
Changes in Net Position				<u>1,604,515</u>		<u>(3,617,603)</u>
Net Position - Beginning, as originally reported					15,730,965	5,980,990
Prior period adjustments					<u>232,771</u>	<u>(488)</u>
Net Position - Beginning, as restated					<u>15,963,736</u>	<u>5,980,502</u>
Net Position - Ending					<u>\$ 17,568,251</u>	<u>2,362,899</u>

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

**Tippah County**  
**Balance Sheet - Governmental Funds**  
**September 30, 2023**

**Exhibit 3**

	Major Funds					
	General Fund	County-Wide Road Maint. Fund	Aluma Form Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 2,857,918	410,427	626,003	2,339,848	6,493,629	12,727,825
Property tax receivable	4,543,176	1,332,571			1,575,777	7,451,524
Fines receivable (net of allowance for uncollectibles of \$694,737)	511,578					511,578
Financed purchase receivable			3,101,252			3,101,252
Intergovernmental receivables	147,864	96,418			41,708	285,990
Other receivables	74,781				54,553	129,334
Due from other funds		1,024,326			33,371	1,057,697
<b>Total Assets</b>	<b>\$ 8,135,317</b>	<b>2,863,742</b>	<b>3,727,255</b>	<b>2,339,848</b>	<b>8,199,038</b>	<b>25,265,200</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Claims payable	\$ 471,961	728,121			818,910	2,018,992
Intergovernmental payables	273,628					273,628
Unearned revenue				2,339,848	847,338	3,187,186
Due to other funds	82,697				975,000	1,057,697
Amounts held in custody for others	36,075					36,075
<b>Total Liabilities</b>	<b>864,361</b>	<b>728,121</b>	<b>-0-</b>	<b>2,339,848</b>	<b>2,641,248</b>	<b>6,573,578</b>
<b>Deferred Inflows of Resources:</b>						
Unavailable revenue - property taxes	4,543,176	1,332,571			1,575,777	7,451,524
Unavailable revenue - fines	511,578					511,578
Financed purchase receivable			3,101,252			3,101,252
<b>Total Deferred Inflows of Resources</b>	<b>5,054,754</b>	<b>1,332,571</b>	<b>3,101,252</b>	<b>-0-</b>	<b>1,575,777</b>	<b>11,064,354</b>
<b>Fund Balances:</b>						
Restricted to:						
Public safety					1,928,037	1,928,037
Public works		803,050			1,199,960	2,003,010
Health and welfare					51,921	51,921
Economic development and assistance					284,751	284,751
Debt service			626,003		517,344	1,143,347
Unassigned	2,216,202					2,216,202
<b>Total Fund Balances</b>	<b>2,216,202</b>	<b>803,050</b>	<b>626,003</b>	<b>-0-</b>	<b>3,982,013</b>	<b>7,627,268</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 8,135,317</b>	<b>2,863,742</b>	<b>3,727,255</b>	<b>2,339,848</b>	<b>8,199,038</b>	<b>25,265,200</b>

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

**Tippah County**  
**Reconciliation of the Balance Sheet of Governmental**  
**Funds to the Statement of Net Position**  
**September 30, 2023**

**Exhibit 3-1**

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 7,627,268
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 \$36,255,371 and accumulated amortization of \$212,120.	30,983,143
Prepaid items are not reported in the funds since the costs of such items are accounted for as expenditures in the period of acquisition.	11,681
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Intergovernmental receivables	37,876
Fines receivable	511,578
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(14,184,960)
Net Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(12,609,866)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(149,658)
Financed purchases receivable are not available to pay for current period expenditures and, therefore, are deferred in the funds.	3,101,252
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	2,545,437
Deferred inflows of resources related to pensions	<u>(305,500)</u>
Total Net Position - Governmental Activities	\$ <u>17,568,251</u>

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

**Tippah County**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balances - Governmental Funds**  
**For the Year Ended September 30, 2023**

**Exhibit 4**

	Major Funds					Total
	General	County-Wide	Aluma Form	American	Other	Total
	Fund	Road Maint.	Fund	Rescue Plan	Governmental	Governmental
		Fund		Fund	Funds	Funds
<b>REVENUES</b>						
Property taxes	\$ 4,734,012	1,822,075			1,901,649	8,457,736
Road and bridge privilege taxes		268,746				268,746
Licenses, commissions and other revenue	225,897					225,897
Fines and forfeitures	96,484				47,456	143,940
Intergovernmental revenues	799,497	927,178		1,201,795	4,644,818	7,573,288
Charges for services	198,790				348,856	547,646
Interest income	54,971	4,961		3,029	13,782	76,743
Miscellaneous revenues	196,163	22,443	191,983		7,611	418,200
<b>Total Revenues</b>	<b>6,305,814</b>	<b>3,045,403</b>	<b>191,983</b>	<b>1,204,824</b>	<b>6,964,172</b>	<b>17,712,196</b>
<b>EXPENDITURES</b>						
Current:						
General government	3,894,068			91,815		3,985,883
Public safety	1,922,297				790,463	2,712,760
Public works	124,482	4,880,056		10,000	3,386,166	8,400,704
Health and welfare	136,968				243,800	380,768
Culture and recreation	149,555					149,555
Conservation of natural resources	120,434					120,434
Economic development and assistance	41,000			44,796	508,270	594,066
Debt service:						
Principal	146,372	149,520	231,100		676,181	1,203,173
Interest	19,416	11,088	94,027		313,965	438,496
<b>Total Expenditures</b>	<b>6,554,592</b>	<b>5,040,664</b>	<b>325,127</b>	<b>146,611</b>	<b>5,918,845</b>	<b>17,985,839</b>
<b>Excess of Revenues over</b>						
<b>(under) Expenditures</b>	<b>(248,778)</b>	<b>(1,995,261)</b>	<b>(133,144)</b>	<b>1,058,213</b>	<b>1,045,327</b>	<b>(273,643)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-term capital debt issued	59,798	127,761			190,000	377,559
Leases issued	49,700					49,700
Proceeds from sale of capital assets	2,750	8,890				11,640
Transfers in	408,809	2,421,140	35,200		147,279	3,012,428
Transfers out	(175,729)			(1,058,213)	(1,778,486)	(3,012,428)
Financed purchase principal payments			180,123			180,123
<b>Total Other Financing Sources and Uses</b>	<b>345,328</b>	<b>2,557,791</b>	<b>215,323</b>	<b>(1,058,213)</b>	<b>(1,441,207)</b>	<b>619,022</b>
<b>Net Changes in Fund Balances</b>	<b>96,550</b>	<b>562,530</b>	<b>82,179</b>	<b>-0-</b>	<b>(395,880)</b>	<b>345,379</b>
<b>Fund Balances - Beginning</b>	<b>2,119,652</b>	<b>240,520</b>	<b>543,824</b>	<b>-0-</b>	<b>4,377,893</b>	<b>7,281,889</b>
<b>Fund Balances - Ending</b>	<b>\$ 2,216,202</b>	<b>803,050</b>	<b>626,003</b>	<b>-0-</b>	<b>3,982,013</b>	<b>7,627,268</b>

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

**Tippah County****Exhibit 4-1**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2023**

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 345,379
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 \$3,156,964, including donations of \$48,968 and leases issued of \$49,700, exceeded depreciation of \$1,150,400 and amortization of \$62,349 in the current period.	1,944,215
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$256,106 and proceeds from sale of \$11,640.	(267,746)
Revenues recognized on the modified accrual basis in the funds during the current year are modified because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	
Increase in fines receivable	16,493
Decrease in other receivables	(560)
Increase in intergovernmental receivables	11,482
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 and amortization of bond premium 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 following items:	
Debt proceeds	(377,559)
Leases issued	(49,700)
Debt repayments	1,203,173
Amortization of bond premium	15,311
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:	
Increase in accrued interest payable	(12,431)
Increase in compensated absences liability	(12,490)
Increase in prepaid items	11,681
In the Statement of Activities, only interest income from payments received on financed purchases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of principal collections on financed purchases.	(180,123)
Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current period	(1,696,755)
Recording of contributions made to defined benefit pension plan	654,145
Change in Net Position of Governmental Activities	\$ <u>1,604,515</u>

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

**TIPPAH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(1) Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

Tippah 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 Tippah County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component 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.

- Tippah County Development Foundation

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

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

**B. Individual Component Unit Disclosures**

Discretely Presented Component Units

The component unit column in the financial statements include the financial data of the following component unit of the County. It is reported in a separate column to emphasize that it is legally separate from the County. A majority of the members of the governing bodies of this component unit is appointed by the County Board of Supervisors.

Tippah County Health Services provides inpatient, outpatient, emergency, and long-term care services for residents of Tippah County, Mississippi, and surrounding areas. The facility is governed by a Board of Trustees appointed by the Supervisors of Tippah County, Mississippi. Tippah County levied ad valorem taxes in the amount of \$180,627 to provide financial support for Tippah County Health Services. Tippah County also provided proceeds primarily from the issuance of bonds in the amount of \$9,800,000 to provide support for the construction of a new hospital. Complete financial statements may be obtained by contacting Tippah County Health Services administrative office at (662) 837-9221.

**C. Basis of Presentation**

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

**TIPPAH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**C. Basis of Presentation (Continued)**

**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 activities of the primary government and its component units except for the Tippah County Development Foundation, which has been omitted. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from certain legally separate component units for which the primary government is financially accountable.

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

**Fund Financial Statements**

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

**D. Measurement Focus and Basis of Accounting**

The Government-wide 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 assets used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied.

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



**TIPPAH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**D. Measurement Focus and Basis of Accounting (Continued)**

The County reports the following major governmental funds:

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

County-wide Road Maintenance Fund – This fund is used to account for monies that are restricted for road maintenance.

Aluma Form Fund – This fund is used to account for monies related to the Aluma Form economic development project.

American Rescue Plan Fund – This fund is used to account for monies that are restricted for recovery from the Coronavirus pandemic.

Additionally, the County reports the following fund types:

**Governmental Fund Types**

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

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

**E. Account Classifications**

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

**F. Deposits and Investments**

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

Cash includes cash on hand, demand deposits, 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.

**G. Receivables**

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

**TIPPAH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**H. Interfund Transactions and Balances**

Transactions between funds that are representative of short-term lending/borrowing arrangements, and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as “due to/from other funds.” 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.

**I. Inventories and Prepaid Items**

**Primary Government**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items, such as prepaid insurance, are not reported for Governmental Fund Types since the costs of such items are accounted for as expenditures in the period of acquisition.

**Discretely Presented Component Unit – Tippah County Health Services**

Inventories of supplies and drugs are stated at the lower of cost (first-in, first-out) or market value (with market value meaning replacement cost).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**J. Restricted Assets**

Component unit assets required to be held and/or used according to donor specifications have been reported as restricted assets. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

**K. Capital Assets**

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

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

**TIPPAH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**K. Capital Assets (Continued)**

The following schedule details those thresholds and estimated useful lives:

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

\* 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.

**L. Deferred Outflows/Inflows of Resources**

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

Deferred outflows related to pensions – This amount represents the County’s and Component Unit’s proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Notes 13 and 15 for additional details.

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

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

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

Financed purchase receivable – Deferred inflows of resources measured at the initial value of the financed purchase receivable to reflect that the receivable relates to future periods.

Deferred inflows related to pensions – This amount represents the County’s and Component Unit’s proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Notes 13 and 15 for additional details.

**TIPPAH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**M. Pensions**

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

**N. 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 generally uses its incremental borrowing rate to calculate the present value of lease payments when the rate implicit in the lease is not known.

**O. Subscription-Based Information Technology Arrangements**

The Governmental Accounts Standards Board (GASB) issued Statement No.96, Subscription-Based Information Technology Arrangements (SBITAs) (GASB 96) to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, reliability, relevance and consistency of information about SBITAs. GASB 96 was implemented during fiscal year 2023.

**P. Long-Term Liabilities**

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. 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.

**Q. Compensated Absences**

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

**TIPPAH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**R. 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 improvements of those assets.

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

Fund Balance Flow Assumption:

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

**TIPPAH COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**S. Property Tax Revenues**

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

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

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

**T. 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.

**U. Changes in Accounting Standards.**

GASB 96, *Subscription-Based Information Technology Arrangements*, was implemented during the 2023 fiscal year. Prior to the issuance of this statement there was no accounting or financial reporting guidance specifically for SBITAs. The purposes of the standard is to establish uniform accounting and financial reporting requirements for SBITAs, to improve comparability of financial statements among governments that have entered into SBITAs, and to enhance understandability, relatability, relevance, and consistency of information about SBITAs.

**TIPPAH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(2) Prior Period Adjustments**

**Primary Government**

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

Exhibit 2 – Statement of Activities

<u>Explanation</u>	<u>Amount</u>
To record adjustments to capital assets for accumulated errors in prior years, including the recording of donated buildings and mobile equipment, and adjustments to estimated useful lives for reporting consistency.	\$ <u>232,771</u>
Total prior period adjustments	\$ <u>232,771</u>

**Discretely Presented Component Unit – Tippah County Health Services**

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

Exhibit 2 – Statement of Activities

<u>Explanation</u>	<u>Amount</u>
To record Subscription-Based Information Technology Arrangements (SBITAs) in accordance with the implementation of GASB Statement No. 96.	\$ <u>(488)</u>
Total prior period adjustments	\$ <u>(488)</u>

**TIPPAH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(3) Deposits**

**Primary Government**

The carrying amount of the County's total deposits with financial institutions at September 30, 2023, was \$12,727,825, and the bank balance was \$12,904,437. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of 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 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.

**Discretely Presented Component Unit – Tippah County Health Services**

The facility deposits funds in financial institutions selected by the Board of Trustees and invests excess funds in investment instruments that are allowed by statutes. Various restrictions on deposits and investments are imposed by statutes.

The collateral for public entities deposits in financial institutions is required to be held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5 Miss. Code Ann. (1972). Under the program, an entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. All facility funds were collateralized through the state's collateral pool program as of September 30, 2023 with the exception of one bank account that was opened in relation to the New Markets Tax Credit program in fiscal year 2020. This balance is insured by the Federal Deposit Insurance Corporation up to \$250,000; therefore, at September 30, 2023, Tippah County Health Services had \$292,442 in cash balances which were uninsured. Management does not consider this to be a significant risk.

**Custodial Credit Risk – Deposits –** Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the facility will not be able to recover deposits or collateral securities that are in the possession of an outside party. The facility does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. 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 facility. As of September 30, 2023, none of the facility's bank balance was exposed to custodial credit risk.

**Interest Rate Risk –** The facility does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk –** State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105- 33(e), Miss. Code Ann. (1972). The facility does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.



**TIPPAH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(4) Leverage Loan Receivable**

**Discretely Presented Component Unit – Tippah County Health Services**

In March 2020, Tippah County Health Services secured funding for the leverage loan necessary to comply with the New Markets Tax Credit program which the facility has entered into to build a new facility. The funding for the leverage loan was received as follows:

Donation from Tippah County	\$ 9,800,000
Donation from Ripley, Mississippi	\$ 250,000
Donation from 3RIV State Fund B, LLC	\$ 1,372,962
Proceeds from CIP Buy-Out (see below)	\$ 1,445,799
Note Payable with Hope Federal Credit Union	\$ 2,500,000
Note Payable with The People's Bank	\$ 2,500,000

As part of the New Markets Tax Credit program, Tippah County Foundation Hospital, LLC purchased the Construction in Progress relating to the building of the new facility from Tippah County Health Services. Tippah County Health Services leverage loan receivable balance was \$17,625,100 as of September 30, 2023.

**(5) Interfund Transactions and Balances**

**Primary Government**

The following is a summary of interfund balances at September 30, 2023:

**A. Due From/To Other Funds**

Receivable Fund	Payable Fund	Amount
County-wide Road Maintenance	General Fund	\$ 49,326
County-wide Road Maintenance	Other Governmental Funds	975,000
Other Governmental Funds	General Fund	33,371
Total		<u>\$ 1,057,697</u>

The payables from the General Fund represent the tax revenue collected but not settled until October 2023. The payable from Other Governmental Funds represents a budget amendment transfer of use tax modernization funds to cover paving project claims incurred in the County-wide Road Maintenance Fund. All interfund balances are expected to be repaid within one year from the date of the financial statements.

**B. Transfers In/Out:**

Transfers In	Transfers Out	Amount
General Fund	American Rescue Plan Fund	\$ 318,498
General Fund	Other Governmental Funds	90,311
County-wide Road Maintenance	American Rescue Plan Fund	739,715
County-wide Road Maintenance	Other Governmental Funds	1,681,425
Aluma Form Fund	General Fund	35,200
Other Governmental Funds	General Fund	140,529
Other Governmental Funds	Other Governmental Funds	6,750
Total		<u>\$ 3,012,428</u>

The principal purpose of transfers was to provide funds for revenue loss, paving projects, and other operating expenses. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

**TIPPAH COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(6) Intergovernmental Receivables**

**Primary Government**

Intergovernmental receivables at September 30, 2023 consisted of the following:

Description	Amount
Governmental Funds:	
<i>General Fund:</i>	
MDHS welfare/food stamp reimbursement	\$ 5,954
Motor vehicle licenses	10,402
Legislative tag credit	128,248
Other	3,260
	<u>147,864</u>
<i>County-Wide Road Maintenance Fund:</i>	
Motor vehicle fuel tax	45,087
Motor vehicle licenses	48,019
Harvest permits and overweight fines	3,312
	<u>96,418</u>
<i>Other Governmental Funds:</i>	
State-aid engineering reimbursement	39,980
Motor vehicle licenses	1,728
	<u>41,708</u>
Total Governmental Funds	<u>285,990</u>
Emergency management performance grant	15,393
Coronavirus recovery funds	10,026
National forestry distribution	12,457
	<u>37,876</u>
Total Long-Term Receivables	37,876
Total Governmental Activities	<u>\$ 323,866</u>

**(7) Patient Accounts Receivable**

**Discretely Presented Component Unit – Tippah County Health Services**

The balance in the estimated uncollectibles and allowances accounts at September 30, 2023 is composed of the following:

Provision for uncollectible accounts	\$ 2,484,809
Allowance for Medicare adjustment	883,983
Allowance for Medicaid adjustment	145,839
Allowance for commercial insurance adjustment	<u>1,298,161</u>
	<u>\$ 4,812,792</u>

**TIPPAH COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(8) Capital Assets**

**Primary Government**

The following is a summary of capital assets activity for the year ended September 30, 2023:

Governmental Activities:	Balance Oct. 1, 2022	Additions	Disposals	Reclassifications	Adjustments	Balance Sept. 30, 2023
<u>Non-depreciable capital assets</u>						
Land	\$ 1,317,609	6,000	(250)			\$ 1,323,359
Construction in progress	410,846	1,420,032		(430,354)		1,400,524
Total non-depreciable capital assets	<u>1,728,455</u>	<u>1,426,032</u>	<u>(250)</u>	<u>(430,354)</u>	<u>-0-</u>	<u>2,723,883</u>
<u>Depreciable capital assets</u>						
Buildings	5,652,423	92,968	(187,500)		63,415	5,621,306
Improvements other than buildings	39,800					39,800
Mobile equipment	6,514,990	996,535	(327,714)	168,877	63,416	7,416,104
Furniture and equipment	689,372	404,170	(60,937)	(75,277)		957,328
Financed purchases	1,400,005	187,559		(93,600)		1,493,964
Infrastructure	48,469,284		(250,326)	430,354		48,649,312
Total depreciable assets	<u>62,765,874</u>	<u>1,681,232</u>	<u>(826,477)</u>	<u>430,354</u>	<u>126,831</u>	<u>64,177,814</u>
<u>Less accumulated depreciation for:</u>						
Buildings	2,545,094	106,958	(45,000)		(19,890)	2,587,162
Improvements other than buildings	27,064	1,592				28,656
Mobile equipment	4,885,057	263,538	(294,943)	136,994	(49,890)	4,940,756
Furniture and equipment	544,982	136,656	(57,562)	(52,754)	22,487	593,809
Financed purchases	660,899	209,133		(84,240)	(58,647)	727,145
Infrastructure	27,106,796	432,523	(161,476)			27,377,843
Total accumulated depreciation	<u>35,769,892</u>	<u>1,150,400</u>	<u>(558,981)</u>	<u>-0-</u>	<u>(105,940)</u>	<u>36,255,371</u>
Total depreciable capital assets, net	<u>26,995,982</u>	<u>530,832</u>	<u>(267,496)</u>	<u>430,354</u>	<u>232,771</u>	<u>27,922,443</u>
Governmental activities capital assets, net	<u>\$ 28,724,437</u>	<u>1,956,864</u>	<u>(267,746)</u>	<u>-0-</u>	<u>232,771</u>	<u>\$ 30,646,326</u>
Lease assets, net (Note 9)						<u>\$ 336,817</u>
Total capital assets, net, as reported in the statement of net position						<u>\$ 30,983,143</u>

Reclassifications were made for assets no longer under finance purchase obligation, to record completed construction, and to reclassify mobile equipment previously reported as other furniture and equipment. Adjustments were also made to record a previously donated building and mobile equipment, and to adjust the estimated useful lives of various assets for reporting consistency.

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 132,180
Public safety	240,429
Public works	748,012
Health and welfare	10,429
Culture and recreation	15,850
Conservation of natural resources	3,500
Total Governmental Activities	<u>\$ 1,150,400</u>

**TIPPAH COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(8) Capital Assets (Continued)**

Commitments with respect to unfinished capital projects at September 30, 2023, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
State-Aid LSBP 70 28	\$ 334,822	February 2024
State-Aid LSBP 70 30	178,015	August 2024
Total Governmental Activities	<u>\$ 512,837</u>	

**Discretely Presented Component Unit – Tippah County Health Services**

The following is a schedule of capital assets for Tippah County Health Services for the year ended September 30, 2023.

<u>Component Unit - TCHS</u>	<u>Balance Oct. 1, 2022</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>Balance Sept. 30, 2023</u>
<u>Non-depreciable capital assets</u>				
Land	\$ 116,132			\$ 116,132
Construction in progress	20,656	136,274	(20,656)	136,274
Total non-depreciable capital assets	<u>136,788</u>	<u>136,274</u>	<u>(20,656)</u>	<u>252,406</u>
<u>Depreciable capital assets</u>				
Land improvements	173,296			173,296
Buildings	7,852,132	3,889	20,656	7,876,677
Mobile equipment	6,812,060	79,618		6,891,678
Furniture and equipment	3,880,656	83,900		3,964,556
Financed purchases	600,601	137,740		738,341
Total depreciable assets	<u>19,318,745</u>	<u>305,147</u>	<u>20,656</u>	<u>19,644,548</u>
<u>Less accumulated depreciation for:</u>				
Land improvements	173,296			173,296
Buildings	5,992,428	183,639		6,176,067
Mobile equipment	5,514,480	335,439		5,849,919
Furniture and equipment	2,761,487	289,750		3,051,237
Financed purchases	151,618	145,101		296,719
Total accumulated depreciation	<u>14,593,309</u>	<u>953,929</u>	<u>-0-</u>	<u>15,547,238</u>
Total depreciable capital assets, net	<u>4,725,436</u>	<u>(648,782)</u>	<u>20,656</u>	<u>4,097,310</u>
Component Unit - TCHS capital assets, net	<u>\$ 4,862,224</u>	<u>(512,508)</u>	<u>-0-</u>	<u>\$ 4,349,716</u>
Lease assets, net (Note 9)				\$ 21,346,484
Subscription-based IT assets, net (Note 9)				<u>26,514</u>
Total capital assets, net, as reported in the statement of net position				<u>\$ 25,722,714</u>

Reclassifications were made to record completed construction.

**TIPPAH COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(9) Intangible Right-to-Use Leases and Subscription-Based IT Assets**

**Primary Government**

A summary of lease asset activity during the year ended September 30, 2023 is as follows:

	Balance 10/1/2022	Additions	Deductions	Balance 9/30/2023
<b><u>Lease assets:</u></b>				
Buildings	\$ 499,237			499,237
Furniture and equipment		49,700		49,700
Total lease assets	499,237	49,700	-0-	548,937
<b><u>Less accumulated amortization for:</u></b>				
Buildings	149,771	49,924		199,695
Furniture and equipment		12,425		12,425
Total accumulated amortization	149,771	62,349	-0-	212,120
Total lease assets, net	\$ 349,466	(12,649)	-0-	336,817

Amortization expense was charged to the following functions:

	Amount
<b>Governmental Activities:</b>	
General government	\$ 12,425
Health and welfare	49,924
Total governmental activities amortization expense	\$ 62,349

A summary of lease liabilities during the year ended September 30, 2023 is as follows:

	Balance 10/1/2022	Additions	Deductions	Balance 9/30/2023
Lease liabilities	\$ 408,617	49,700	55,418	402,899
Total	\$ 408,617	49,700	55,418	402,899

The County is a lessee for non-cancellable leases consisting of a building and various equipment. 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 recognized a lease and an intangible right-to-use lease asset.

At lease commencement, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, plus lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized in depreciation expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

**TIPPAH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(9) Intangible Right-to-Use Leases and Subscription-Based IT Assets (Continued)**

The County generally uses its incremental borrowing rate for similar-type purchases as the discount rate for leases unless the rate that the lessor charges is known.

The lease term includes the non-cancellable period of the lease plus any additional periods covered by either a county or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be exercised. Periods in which both the County and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

As Lessee:

On May 1, 2010, Tippah County entered into a non-cancellable lease agreement with the Tippah County Development Foundation for the lease of a building and premises located at 159 Bails Road, Ripley, Mississippi 38663 owned by the Tippah County Development Foundation. The lease stipulated that the lessee would pay approximately \$6,083 per month commencing July 1, 2010 for a term of ten years. The lease agreement contains an automatic renewal clause for additional ten year periods, the first of which began on July 1, 2020 and will end on July 1, 2030. Each renewal period is cancellable by either party; therefore, the original ten year period prior to July 1, 2020 is excluded from the current lease term ending July 1, 2030. The lease payments increased by \$100 per month per year beginning on July 1, 2013 and on the first day of July for each year thereafter. The lease agreement did not stipulate an interest rate; therefore, the County has determined that an incremental borrowing rate of 3.00% was appropriate.

The lease agreement provides that the lessor will arrange and pay for all utilities and janitorial services during the lease term. These provisions are defined as non-lease components and are accounted for as separate contracts not included the lease calculation. The value of these non-lease components was estimated to be \$2,500 per month. The current monthly payment amount as of September 30, 2023 is \$7,183, of which \$4,683 is considered to be a lease component.

On October 1, 2022, Tippah County entered into a non-cancellable lease agreement with Dex Imaging for the lease of multiple copiers and other finishing equipment. The lease stipulated that the lessee would pay approximately \$1,611 per month commencing October 1, 2022 for a term of four years. There is no automatic renewal option for this lease agreement. The lease agreement did not stipulate an interest rate; therefore, the County has determined that an incremental borrowing rate of 3.50% was appropriate.

The lease agreement provides for base copy thresholds and maintenance services during the lease term. These provisions are defined as non-lease components and are accounted for as separate contracts not included the lease calculation. The value of these non-lease components was estimated to be \$500 per month.

Description	Discount Rate	Term	Issue Date	Maturity Date	Lease Component	
					Monthly Payment	Amount Outstanding
Building - Dept. of Human Svcs.	3.00%	10 Years	7/1/2020	7/1/2030	\$ 4,683	\$ 364,983
Copiers and finishing equipment	3.50%	4 Years	10/1/2022	9/30/2026	1,111	37,916
					<u>\$ 5,794</u>	<u>\$ 402,899</u>

**TIPPAH COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(9) Intangible Right-to-Use Leases and Subscription-Based IT Assets (Continued)**

The following is a schedule by years of the total payments due as of September 30, 2023:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 58,380	11,453
2025	61,434	9,599
2026	64,582	7,651
2027	54,284	5,816
2028	57,152	4,148
2029-2030	107,067	2,983
Total	<u>\$ 402,899</u>	<u>41,650</u>

**Discretely Presented Component Unit – Tippah County Health Services**

A summary of lease and subscription IT asset activity during the year ended September 30, 2023 is as follows:

	<u>Balance 10/1/2022</u>	<u>Implementation Adjustments</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 9/30/2023</u>
<u>Lease assets:</u>					
Building	\$ 22,352,626			20,920	22,331,706
Total lease assets	<u>22,352,626</u>	<u>-0-</u>	<u>-0-</u>	<u>20,920</u>	<u>22,331,706</u>
<u>Less accumulated amortization for:</u>					
Building	348,978		657,164	20,920	985,222
Total accumulated amortization	<u>348,978</u>	<u>-0-</u>	<u>657,164</u>	<u>20,920</u>	<u>985,222</u>
Total lease assets, net	<u>22,003,648</u>	<u>-0-</u>	<u>(657,164)</u>	<u>-0-</u>	<u>21,346,484</u>
Subscription IT assets		23,892	16,975		40,867
Less accumulated amortization		4,778	9,575		14,353
Subscription IT assets, net	<u>-0-</u>	<u>19,114</u>	<u>7,400</u>	<u>-0-</u>	<u>26,514</u>
Total lease and subscription IT assets, net	<u>\$ 22,003,648</u>	<u>19,114</u>	<u>(649,764)</u>	<u>-0-</u>	<u>21,372,998</u>

A summary of lease and subscription IT liabilities during the year ended September 30, 2023 is as follows:

	<u>Balance 10/1/2022</u>	<u>Implementation Adjustments</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 9/30/2023</u>
Lease liabilities	\$ 22,398,187		502,871	502	22,900,556
Subscription IT liabilities		19,602	16,975	9,055	27,522
Total	<u>\$ 22,398,187</u>	<u>19,602</u>	<u>519,846</u>	<u>9,557</u>	<u>22,928,078</u>

**TIPPAH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(9) Intangible Right-to-Use Leases and Subscription-Based IT Assets (Continued)**

**Leases**

The facility is a lessee for a noncancellable lease of a building, the terms of which expire in various years through 2055. For leases that have a maximum possible term of 12 months or less at commencement, the facility recognizes expense based on the provisions of the lease contract. For all other leases, other than short term, the facility recognizes a lease liability and an intangible right-to-use lease asset.

The lease term includes the noncancelable period of the lease plus any additional periods covered by either a facility or lessor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be extended. Periods in which both the facility and the lessor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the lease term.

The facility uses its incremental borrowing rate as the discount rate to calculate the present value of lease payments when the rate implicit in the lease is not known.

Variable payments based upon the use of the underlying assets are not included in the lease liabilities because they are not fixed in substance. None of the facilities lease agreements contain any material residual value guarantees or material restrictive covenants.

**As Lessee:**

On March 31, 2020, the facility entered into a non-cancellable lease agreement with Tippah County Foundation Hospital, LLC (a component unit of Tippah County Development Foundation) for the lease of a building and premises located at 1005 City Avenue North, Ripley, Mississippi 38663. The lease stipulated that the lessee would pay rent on a quarterly basis commencing June 1, 2022 for a term of approximately 33 years ending on September 1, 2055. Rental payments increase by 1% per annum throughout the lease term. The lease carries an assumed interest rate of 3.25%.

<u>Description</u>	<u>Discount Rate</u>	<u>Term</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Quarterly Payment</u>	<u>Amount Outstanding</u>
Hospital building	3.25%	34 years	6/1/22	9/1/55	\$ <u>Various</u>	\$ <u>22,900,556</u>

The following is a schedule by years of the total payments due as of September 30, 2023:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ -0-	233,462
2025	-0-	235,796
2026	-0-	238,154
2027	-0-	544,669
2028	221,789	803,211
Thereafter	<u>22,678,767</u>	<u>13,423,483</u>
Total	\$ <u>22,900,556</u>	<u>15,478,775</u>



**TIPPAH COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(9) Intangible Right-to-Use Leases and Subscription-Based IT Assets (Continued)**

**SBITA**

The facility is a subscriber for various noncancellable subscriptions of information technology, the terms of which expire in various years through 2026. For subscriptions that have a maximum possible term of 12 months or less at commencement, the facility recognizes expense based on the provisions of the subscription terms. For all other subscriptions, other than short term, the facility recognizes a subscription-based liability and an intangible right-of-use subscription-based asset.

The subscription term includes the noncancelable period of the subscription plus any additional periods covered by either a facility or SBITA vendor option to extend for which it is reasonably certain to be exercised or terminate for which it is reasonably certain to not be extended. Periods in which both the facility and the vendor have a unilateral option to terminate (or if both parties have agreed to extend) are excluded from the subscription term.

The following is a schedule by year of payments for subscription-based information technology arrangements as of September 30, 2023:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 10,713	1,133
2025	10,062	612
2026	<u>6,747</u>	<u>161</u>
Total	<u>\$ 27,522</u>	<u>1,906</u>

**TIPPAH COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(10) Claims and Judgments**

**Primary Government**

**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 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, 2023, to January 1, 2024. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

**(11) Financed Purchase Receivable**

**Primary Government**

On April 1, 2015, Tippah County entered into a financed purchase agreement with Aluma Form, LLC for a building in the Walnut Industrial Park. The agreement stipulated that Aluma Form, LLC would pay approximately \$31,009 per month in payments commencing May 1, 2015 for a term of twenty years. At the end of the agreement term, Aluma Form, LLC has the option to purchase the property for the sum of \$1. The County is to receive \$372,105 annually with an implicit interest rate of 6.00%.

A listing of property under financed purchase agreement as of September 30, 2023 consisted of the following:

<u>Classes of Property</u>	<u>Amount</u>
Land	\$ 252,640
Buildings	6,280,155
Total	<u>\$ 6,532,795</u>

Remaining amounts to be received associated with this financed purchase are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 191,232	180,873
2025	203,027	169,078
2026	215,549	156,556
2027	228,844	143,262
2028	242,958	129,147
2029-2033	1,458,930	401,596
2034-2035	560,712	28,455
Total	<u>\$ 3,101,252</u>	<u>1,208,967</u>

**TIPPAH COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(12) Long-term Debt**

**Primary Government**

Debt outstanding as of September 30, 2023, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rates	Maturity Date
Governmental Activities:			
A. Special Obligation Bonds			
Special Obligation Bonds, Series 2020	\$ 8,530,000	3.00-4.00%	5/15/2040
B. Financed Purchases:			
Dodge Truck	5,240	2.50%	12/1/2023
2 Sheriff Vehicles	10,871	2.50%	12/1/2023
Ford F-250 Truck	59,798	2.50%	12/1/2027
Ford F-150 Truck	15,737	2.50%	12/1/2024
Ford F-150 Truck	13,520	2.50%	12/1/2024
Ford F-150 Truck	15,140	2.50%	12/1/2024
Ford F-150 Truck	15,140	2.50%	12/1/2024
4 Dodge Trucks	65,449	2.50%	12/1/2025
Camera System	18,174	2.50%	6/1/2026
Fire Truck	190,000	3.75%	12/1/2027
Caterpillar Excavator	9,981	2.00%	8/1/2024
2 Dump Trucks	46,400	2.50%	12/1/2024
Road Dept Truck	4,800	2.50%	12/1/2023
Tractor	37,438	2.50%	11/1/2025
Excavator	47,003	2.50%	11/1/2025
Backhoe	60,839	2.50%	11/1/2025
2 Tractors	76,316	2.50%	12/1/2025
Dodge Truck	16,206	2.50%	12/1/2025
Mack Pinnacle Truck	102,209	2.50%	4/1/2027
Garbage Truck	19,109	2.50%	12/1/2023
Garbage Truck	5,527	2.00%	8/1/2024
Garbage Truck	68,588	2.50%	12/1/2025
Total Financed Purchases	<u>\$ 903,485</u>		
C. Other Loans:			
Aluma Form Capital Improvements Note	\$ 2,869,833	3.00%	8/1/2035
Countywide 5-year Note	720,000	2.50%	12/1/2026
Real Property Note	53,000	2.50%	8/1/2024
Industrial Park Note	<u>380,833</u>	2.00%	4/1/2034
Total Other Loans	<u>\$ 4,023,666</u>		

**TIPPAH COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(12) Long-term Debt (Continued)**

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

Year Ending September 30,	Special Obligation Bonds		Financed Purchases		Other Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 380,000	273,050	314,013	22,896	470,496	119,142
2025	390,000	261,650	258,485	16,637	424,637	104,241
2026	405,000	249,950	205,516	9,699	431,745	90,382
2027	420,000	233,750	75,512	4,087	439,063	76,314
2028	435,000	216,950	49,959	1,724	266,597	62,031
2029-2033	1,910,000	700,850	-0-	-0-	1,454,004	189,133
2034-2038	2,740,000	529,050	-0-	-0-	537,124	14,762
2039-2040	1,850,000	112,050	-0-	-0-	-0-	-0-
Total	\$ 8,530,000	2,577,300	903,485	55,043	4,023,666	656,005

**Legal Debt Margin** - The amount of debt, excluding specific exempted debt, that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2023, the amount of outstanding debt was equal to 5.74% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2023:

	Balance Oct. 01, 2022	Additions	Reductions	Balance Sep. 30, 2023	Amount due within one year
Special obligation bonds	\$ 8,895,000		365,000	8,530,000	380,000
Unamortized premium	275,589		15,311	260,278	15,310
Financed Purchases	813,899	377,559	287,973	903,485	314,013
Other loans	4,518,448		494,782	4,023,666	470,496
Compensated absences	52,142	12,490		64,632	-0-
Totals	\$ 14,555,078	390,049	1,163,066	13,782,061	1,179,819

Compensated absences will be paid from the fund from which the employees' salaries were paid which are generally the General Fund, County-wide Road Maintenance Fund, and the Solid Waste Fund.

**TIPPAH COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(12) Long-term Debt (Continued)**

**Discretely Presented Component Unit – Tippah County Health Services**

Debt outstanding as of September 30, 2023, consisted of the following:

Description and Purpose	Interest Rates	Amount Outstanding	Maturity Date
<b>Business-type Activities:</b>			
<b>A. Special Obligation Bonds</b>			
Revenue and Limited Tax Bonds, Series 2022	3.25%	\$ 6,600,959	2027
Total Special Obligation Bonds		<u>\$ 6,600,959</u>	
<b>B. Financed Purchases:</b>			
Equipment	2.14-6.54%	\$ 413,143	Various
Total Financed Purchases		<u>\$ 413,143</u>	

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

Year Ending September 30,	Special Obligation Bonds		Financed Purchases	
	Principal	Interest	Principal	Interest
2024	\$ 264,135	211,179	168,417	18,910
2025	273,435	201,878	110,015	11,736
2026	282,456	192,858	87,416	5,718
2027	<u>5,780,933</u>	<u>92,210</u>	<u>47,295</u>	<u>1,167</u>
Total	<u>\$ 6,600,959</u>	<u>698,125</u>	<u>413,143</u>	<u>37,531</u>

A schedule of changes in long-term debt for the year ended September 30, 2023, follows:

	Balance Oct. 1, 2022	Additions	Reductions	Balance Sep. 30, 2023	Amount due within one year
<b>Business-type Activities:</b>					
Special obligation bonds	\$ 6,857,226		256,267	6,600,959	264,135
Financed purchases	<u>429,158</u>	<u>137,740</u>	<u>153,755</u>	<u>413,143</u>	<u>168,417</u>
Totals	<u>\$ 7,286,384</u>	<u>137,740</u>	<u>410,022</u>	<u>7,014,102</u>	<u>432,552</u>

**TIPPAH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(13) Defined Benefit Pension Plan**

**Primary Government**

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

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

Contributions. At September 30, 2023, 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, 2023 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, 2023, 2022, and 2021 were \$654,145, \$628,659, and \$618,312, respectively, equal to the required contributions for each year.

**TIPPAH COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(13) Defined Benefit Pension Plan (Continued)**

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

At September 30, 2023, the County reported a liability of \$12,609,866 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2023 net pension liability was 0.050136 percent, which was based on a measurement date of June 30, 2023. This was a decrease of 0.001950 percent from its proportionate share used to calculate the September 30, 2022 net pension liability, which was based on a measurement date of June 30, 2022.

For the year ended September 30, 2023, the County recognized pension expense of \$1,696,755. At September 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 315,732	
Net difference between projected and actual earnings on pension plan investments	493,355	
Changes of assumptions	1,480,634	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	89,065	305,500
County contributions subsequent to the measurement date	<u>166,651</u>	
<b>Total</b>	<u><u>\$ 2,545,437</u></u>	<u><u>305,500</u></u>

\$166,651 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 ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	<u>Amount</u>
2024	\$ 809,295
2025	402,279
2026	857,962
2027	<u>3,750</u>
	<u><u>\$ 2,073,286</u></u>

**TIPPAH COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(13) Defined Benefit Pension Plan (Continued)**

Actuarial Assumptions. The total pension liability as of June 30, 2023 was determined by an actuarial valuation prepared as of June 30, 2022, and by the investment experience for the fiscal year ending June 30, 2023. 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	7.00 percent, net of pension plan investment expense, including inflation

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

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 period July 1, 2018 to June 30, 2022. The experience report is dated April 21, 2023.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27.00 %	4.75 %
International Equity	22.00	4.75
Global Equity	12.00	4.95
Fixed Income	20.00	1.75
Real Estate	10.00	3.25
Private Equity	8.00	6.00
Cash Equivalents	1.00	0.25
Total	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.00 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 percent) and that employer contributions will be phased in to 22.40 percent over three fiscal years (17.40 percent for FYE 2024, 19.40 percent for FYE 2025, 21.40 percent for FYE 2026, and 22.40 percent for FYE 2027). 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.



**TIPPAH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(13) Defined Benefit Pension Plan (Continued)**

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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 16,260,742	12,609,866	9,613,916

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

**Discretely Presented Component Unit – Tippah County Health Services**

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

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

**TIPPAH COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(13) Defined Benefit Pension Plan (Continued)**

Contributions. At September 30, 2023, PERS members were required to contribute 9% of their annual covered salary, and the facility is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2023 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 facility's contributions to PERS for the years ending September 30, 2023, 2022, and 2021, were \$1,209,300, \$1,186,451, and \$1,139,347, respectively, which equaled 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, 2023, the facility reported a liability of \$23,334,640 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The facility's proportion of the net pension liability was based on a projection of the facility's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The facility's proportionate share used to calculate the September 30, 2023 net pension liability was 0.092777 percent, which was based on a measurement date of June 30, 2023. This was a decrease of 0.004851 percent from its proportionate share used to calculate the September 30, 2022 net pension liability, which was based on a measurement date of June 30, 2022.

For the year ended September 30, 2023, the facility recognized pension expense of \$3,507,981. At September 30, 2023 the facility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 589,727	
Net difference between projected and actual earnings on pension plan investments	1,033,949	
Changes of assumptions	2,743,546	
Changes in proportion and differences between the facility's contributions and proportionate share of contributions	510,551	728,180
Facility contributions subsequent to the measurement date	332,037	
<b>Total</b>	<b>\$ 5,209,810</b>	<b>728,180</b>

\$332,037 reported as deferred outflows of resources related to pensions resulting from facility contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30	Amount
2024	\$ 1,723,690
2025	831,192
2026	1,587,769
2027	6,942
<b>Total</b>	<b>\$ 4,149,593</b>

**TIPPAH COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(13) Defined Benefit Pension Plan (Continued)**

Actuarial Assumptions. The total pension liability as of June 30, 2023 was determined by an actuarial valuation prepared as of June 30, 2022, and by the investment experience for the fiscal year ending June 30, 2023. 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	7.00 percent, net of pension plan investment expense, including inflation

Mortality rates for service retirees were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 95% of male rates up to age 60, 110% for ages 61 to 75 and 101% for ages above 77. For females, 84% of female rates up to age 72 and 100% for ages above 76. Mortality rates for disability retirees were based on the PubG.H-2010 Disabled Table adjusted 134% for males and 121% for females. Mortality rates for Contingent Annuitants were based on the PubS.H-2010(B) Contingent Annuitant Table, adjusted 97% for males and 110% for females. Mortality rates will be projected generationally using the MP-2020 projection scale to account for future improvements in life expectancy.

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 period July 1, 2018 to June 30, 2022. The experience report is dated April 21, 2023.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	27.00 %	4.75 %
International Equity	22.00	4.75
Global Equity	12.00	4.95
Fixed Income	20.00	1.75
Real Estate	10.00	3.25
Private Equity	8.00	6.00
Cash Equivalents	1.00	0.25
Total	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.00 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 percent) and that employer contributions will be phased in to 22.40 percent over three fiscal years (17.40 percent for FYE 2024, 19.40 percent for FYE 2025, 21.40 percent for FYE 2026, and 22.40 percent for FYE 2027). 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.

**TIPPAH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(13) Defined Benefit Pension Plan (Continued)**

Sensitivity to the Facility's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the facility's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the facility's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
System's proportionate share of the net pension liability	\$ 30,090,610	\$ 23,334,640	\$ 17,790,616

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

**(14) Contingencies**

**Primary Government**

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.

Guarantees

The County agrees to guarantee its pro-rata share of a letter of credit for the Northeast Mississippi Solid Waste Management Authority, providing financial responsibility, as authorized by Section 17-17-233 and 17-17-235 of the Mississippi Code of 1972, for closure and post-closure of their Sanitary landfill facility.

**TIPPAH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(15) Effect of Deferred Amounts on Net Position**

**Primary Government**

The governmental activities' unrestricted net position (deficit) amount of (\$4,555,972) includes the effect of deferred outflows/inflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$166,651 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, 2024. The remaining \$2,378,786 balance of the deferred outflow of resources related to pensions at September 30, 2023, will be recognized in pension expense over the next 4 years. The \$305,500 balance of the deferred inflows of resources related to pensions at September 30, 2023, will be recognized in pension expense over the next 3 years.

**Discretely Presented Component Unit – Tippah County Health Services**

The governmental activities' unrestricted net position amount of (\$18,594) includes the effect of deferred outflows/inflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$332,037 resulting from facility contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. The remaining \$4,877,773 balance of the deferred outflow of resources related to pensions at September 30, 2023, will be recognized in pension expense over the next 4 years. The \$728,180 balance of the deferred inflows of resources related to pensions at September 30, 2023, will be recognized in pension expense over the next 3 years.

**(16) Joint Ventures**

**Primary Government**

The County participates in the following joint venture:

Tippah County is a participant with the Counties of Alcorn, Prentiss, and Tishomingo in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the Northeast Regional Library. The joint venture was created to provide a regional public library for the area and is governed by a four-member board appointed by the Board of Supervisors. By contractual agreement, the County's appropriation from the General Fund this year to the joint venture amounted to \$136,500.

Complete financial statements of the Northeast Regional Library can be obtained from the Northeast Regional Library, 1023 North Fillmore Street, Corinth, Mississippi 38834.

**(17) Jointly Governed Organizations**

**Primary Government**

The County participates in the following jointly governed organizations:

The Regional IV Mental Health-Mental Retardation Commission is composed of the counties of Alcorn, Prentiss, Tippah, and Tishomingo. The board of commissioners is comprised of one appointee from each county Board of Supervisors. The County appropriated \$36,000 for support of the commission in fiscal year 2023.

**TIPPAH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(17) Jointly Governed Organizations (Continued)**

Northeast Mississippi Planning and Development District operates in a district composed of the following counties: Alcorn, Benton, Marshall, Prentiss, Tippah, and Tishomingo. The board of directors is composed of one appointee from each county Board of Supervisors. The County appropriated \$65,000 (including tuition support of \$35,000) for the district in fiscal year 2023.

Northeast Mississippi Community College operates in a district composed of the Counties of Alcorn, Prentiss, Tippah, Tishomingo, and Union. The Tippah County Board of Supervisors appoints four of the 24 members of the board of directors. The County appropriated \$650,256 in support of the college in fiscal year 2023.

Northeast Community Services provides various assistance to low-income households within each of the following counties: Alcorn, Benton, Marshall, Prentiss, Tippah & Tishomingo. The board of directors is composed of three appointees from each county Board of Supervisors. The County appropriated \$51,000 for support of the agency in fiscal year 2023.

Northeast Mississippi Regional Solid Waste Authority was organized to provide solid waste disposal services to the Counties of Benton, Prentiss and Tippah and the Cities of Ashland, Booneville and Ripley. Each of the six members has one vote with a guarantee that the member of the Board of Supervisors whose district contains the landfill is a permanent member of the Authority. Tippah County is the host county for the landfill; therefore, the Tippah County vote is divided between the County's representative and the member of the Board of Supervisors. The County did not appropriate any funds to the authority in fiscal year 2023. User governments will be billed on the volume of solid waste from each government.

**(18) Tax Abatements**

**Primary Government**

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

The Tippah County Board of Supervisors negotiates property tax abatements on an individual or entity basis with varying abatement periods. These abatements contribute to the economic development and citizenry of the County.

The County had two types of abatements. The payments in lieu of taxes is the only type of abatement that provides for the abatement of school tax levies.

Sections 27-31-101 and 27-31-105 Miss Code (Ann.) 1972

General exemptions to new factories and enterprises or expansions to existing properties

There are 9 companies that have real and personal property tax abatements under these statutes. The gross amount of taxes abated during the fiscal year is \$1,054,543.

Section 27-31-53 Miss. Code (Ann.) 1972

Free port warehouse exemptions

There are 3 companies that have tax abatements under this statute. The gross amount of taxes abated during the fiscal year is \$258,728.

**TIPPAH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**(19) Subsequent Events**

**Primary Government**

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 Tippah County evaluated the activity of the County through June 20, 2025, (the date the financial statements were available to be issued) and determined that the following subsequent events have occurred that require disclosure in the notes to the financial statements:

Subsequent to September 30, 2023, 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>
08/12/24	4.85%	\$ 10,800	Financed Purchase	Advalorem taxes
08/12/24	4.85%	58,900	Financed Purchase	Advalorem taxes
08/12/24	4.85%	51,125	Financed Purchase	Advalorem taxes
09/19/24	4.85%	49,900	Financed Purchase	Advalorem taxes
02/15/25	4.50%	5,000,000	Special Obligation Bonds	Advalorem taxes
03/11/25	4.85%	98,156	Financed Purchase	Advalorem taxes

**Discretely Presented Component Unit – Tippah County Health Services**

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 Tippah County Health Services evaluated the activity of the facility through June 20, 2025 (the date the financial statements were available to be issued), and determined that there were no subsequent events requiring disclosures in the notes to financial statements, except for the events in the following paragraph.

In October of 2023, the facility contracted with Tippah Staffing Solutions, Inc. to acquire contract employees for the purpose of staffing the facility. As of June 20, 2025, the date of this report, the facility is obtaining a substantial number of staff from this company.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**Tippah County**  
**Budgetary Comparison Schedule -**  
**Budget and Actual (Non-GAAP Basis)**  
**General Fund**  
**For the Year Ended September 30, 2023**  
**UNAUDITED**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
<b>REVENUES</b>				
Property taxes	\$ 4,743,982	4,731,753	4,731,753	-0-
Licenses, commissions and other revenue	162,350	223,643	228,734	5,091
Fines and forfeitures	108,200	98,928	99,148	220
Intergovernmental revenues	914,500	620,635	798,379	177,744
Charges for services	82,500	125,745	181,445	55,700
Interest income	40,000	54,459	54,459	-0-
Miscellaneous revenues	116,300	264,069	200,286	(63,783)
Total Revenues	<u>6,167,832</u>	<u>6,119,232</u>	<u>6,294,204</u>	<u>174,972</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,305,690	3,939,244	4,061,466	122,222
Public safety	1,814,750	2,029,128	2,085,702	56,574
Public works	231,340	130,948	130,948	-0-
Health and welfare	191,130	199,409	144,109	(55,300)
Culture and recreation	159,825	149,555	149,555	-0-
Conservation of natural resources	123,750	123,744	123,744	-0-
Economic development and assistance	27,000	56,000	56,000	-0-
Debt service:				
Principal	111,683	91,829	146,372	54,543
Interest	14,814	6,201	19,416	13,215
Total Expenditures	<u>6,979,982</u>	<u>6,726,058</u>	<u>6,917,312</u>	<u>191,254</u>
Excess of Revenues over (under) Expenditures	<u>(812,150)</u>	<u>(606,826)</u>	<u>(623,108)</u>	<u>(16,282)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term capital debt issued			59,798	59,798
Leases issued			49,700	49,700
Proceeds from sale of capital assets		2,750	2,750	-0-
Transfers in		456,807	408,809	(47,998)
Transfers out		(140,529)	(175,729)	(35,200)
Total Other Financing Sources and Uses	<u>-0-</u>	<u>319,028</u>	<u>345,328</u>	<u>26,300</u>
Net Change in Fund Balance	(812,150)	(287,798)	(277,780)	10,018
Fund Balances - Beginning	<u>2,276,461</u>	<u>2,276,461</u>	<u>2,276,461</u>	<u>-0-</u>
Fund Balances - Ending	<u>\$ 1,464,311</u>	<u>1,988,663</u>	<u>1,998,681</u>	<u>10,018</u>

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

**Tippah County**  
**Budgetary Comparison Schedule -**  
**Budget and Actual (Non-GAAP Basis)**  
**County-Wide Road Maintenance Fund**  
**For the Year Ended September 30, 2023**  
**UNAUDITED**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
REVENUES				
Property taxes	\$ 1,380,122	1,815,410	1,815,410	-0-
Road and bridge privilege taxes	265,000	269,425	269,425	-0-
Intergovernmental revenues	878,500	917,304	917,304	-0-
Interest income		4,961	4,961	-0-
Miscellaneous revenues		22,443	22,443	-0-
Total Revenues	<u>2,523,622</u>	<u>3,029,543</u>	<u>3,029,543</u>	<u>-0-</u>
EXPENDITURES				
Current:				
Public works	3,493,747	4,224,901	4,469,938	245,037
Debt service:				
Principal	153,500	149,520	149,520	-0-
Interest	<u>11,500</u>	<u>11,088</u>	<u>11,088</u>	<u>-0-</u>
Total Expenditures	<u>3,658,747</u>	<u>4,385,509</u>	<u>4,630,546</u>	<u>245,037</u>
Excess of Revenues over (under) Expenditures	<u>(1,135,125)</u>	<u>(1,355,966)</u>	<u>(1,601,003)</u>	<u>(245,037)</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued			127,761	127,761
Proceeds from sale of capital assets			8,890	(8,890)
Transfers in		1,337,754	1,446,140	108,386
Total Other Financing Sources and Uses	<u>-0-</u>	<u>1,337,754</u>	<u>1,582,791</u>	<u>227,257</u>
Net Change in Fund Balance	(1,135,125)	(18,212)	(18,212)	-0-
Fund Balances - Beginning	<u>428,639</u>	<u>428,639</u>	<u>428,639</u>	<u>-0-</u>
Fund Balances - Ending	<u>\$ (706,486)</u>	<u>410,427</u>	<u>410,427</u>	<u>-0-</u>

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

**Tippah County**  
**Budgetary Comparison Schedule -**  
**Budget and Actual (Non-GAAP Basis)**  
**Aluma Form Fund**  
**For the Year Ended September 30, 2023**  
**UNAUDITED**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget
REVENUES				
Miscellaneous revenues	\$ 372,000	191,983	191,983	-0-
Total Revenues	372,000	191,983	191,983	-0-
EXPENDITURES				
Debt service:				
Principal	206,000	231,100	231,100	-0-
Interest	84,000	94,027	94,027	-0-
Total Expenditures	290,000	325,127	325,127	-0-
Excess of Revenues over (under) Expenditures	82,000	(133,144)	(133,144)	-0-
OTHER FINANCING SOURCES (USES)				
Lease principal payments		180,123	180,123	-0-
Transfers in		35,200	35,200	-0-
Total Other Financing Sources and Uses	-0-	215,323	215,323	-0-
Net Change in Fund Balance	82,000	82,179	82,179	-0-
Fund Balances - Beginning	543,824	543,824	543,824	-0-
Fund Balances - Ending	\$ 625,824	626,003	626,003	-0-

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

**Tippah County**  
**Budgetary Comparison Schedule -**  
**Budget and Actual (Non-GAAP Basis)**  
**American Rescue Plan Fund**  
**For the Year Ended September 30, 2023**  
**UNAUDITED**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Intergovernmental revenues	\$ -0-	50,000	100,000	50,000
Interest income	-0-	3,029	3,029	-0-
Total Revenues	<u>-0-</u>	<u>53,029</u>	<u>103,029</u>	<u>50,000</u>
<b>EXPENDITURES</b>				
Current:				
General government	-0-	206,512	91,815	114,697
Public safety	-0-	203,801	-0-	203,801
Public works	-0-	641,329	10,000	631,329
Economic development and assistance	-0-	44,796	44,796	-0-
Total Expenditures	<u>-0-</u>	<u>1,096,438</u>	<u>146,611</u>	<u>949,827</u>
Excess of Revenues over (under) Expenditures	<u>-0-</u>	<u>(1,043,409)</u>	<u>(43,582)</u>	<u>999,827</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-0-	(58,386)	(1,058,213)	(999,827)
Total Other Financing Sources and Uses	<u>-0-</u>	<u>(58,386)</u>	<u>(1,058,213)</u>	<u>(999,827)</u>
Net Change in Fund Balance	-0-	(1,101,795)	(1,101,795)	-0-
Fund Balances - Beginning	<u>3,441,643</u>	<u>3,441,643</u>	<u>3,441,643</u>	<u>-0-</u>
Fund Balances - Ending	<u>\$ 3,441,643</u>	<u>2,339,848</u>	<u>2,339,848</u>	<u>-0-</u>

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

**TIPPAH COUNTY**  
**SCHEDULE OF THE COUNTY'S AND COMPONENT UNIT'S**  
**PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**LAST TEN FISCAL YEARS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

<b>Tippah County</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability	0.050136%	0.052086%	0.052534%	0.050350%	0.049612%	0.049096%	0.048528%	0.046761%	0.045675%	0.044637%
County's proportionate share of the net pension liability	\$ 12,609,866	10,721,194	7,764,755	9,747,175	8,727,730	8,166,123	8,067,001	8,352,682	7,064,319	5,413,623
County's covered payroll	\$ 3,716,448	3,585,782	3,492,983	3,352,707	3,231,079	3,135,225	2,930,200	2,967,432	2,853,505	2,727,530
County's proportionate share of the net pension liability as a percentage of its covered payroll	339.30%	298.99%	222.30%	290.73%	270.12%	260.46%	275.31%	281.48%	247.57%	198.48%
Plan fiduciary net position as a percentage of the total pension liability	55.70%	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%
<b>Tippah County Health Services</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Facility's proportion of the net pension liability	0.092777%	0.097628%	0.093864%	0.087813%	0.081972%	0.089527%	0.084129%	0.076377%	0.070875%	0.078516%
Facility's proportionate share of the net pension liability	\$ 23,334,640	20,095,394	13,873,509	16,999,576	14,420,492	14,891,000	13,985,095	13,642,839	10,955,877	9,528,463
Facility's covered payroll	\$ 6,950,000	6,818,680	6,547,973	5,987,598	5,321,279	5,736,070	5,454,171	5,163,194	4,321,346	4,797,733
Facility's proportionate share of the net pension liability as a percentage of its covered payroll	335.75%	294.71%	211.87%	283.91%	271.00%	259.60%	256.41%	264.23%	253.53%	198.60%
Plan fiduciary net position as a percentage of the total pension liability	55.70%	59.93%	70.44%	58.97%	61.59%	62.54%	61.49%	57.47%	61.70%	67.21%

The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented.

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

**TIPPAH COUNTY**  
**SCHEDULE OF COUNTY AND COMPONENT UNIT CONTRIBUTIONS - PERS**  
**LAST TEN FISCAL YEARS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

<b>Tippah County</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution \$	654,145	628,659	618,312	583,251	528,557	482,514	484,988	480,664	456,206	413,471
Contributions in relation to the contractually required contribution	<u>(654,145)</u>	<u>(628,659)</u>	<u>(618,312)</u>	<u>(583,251)</u>	<u>(528,557)</u>	<u>(482,514)</u>	<u>(484,988)</u>	<u>(480,664)</u>	<u>(456,206)</u>	<u>(413,471)</u>
Contribution deficiency (excess) \$	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
County's covered payroll	3,759,453	3,612,986	3,553,517	3,352,025	3,269,202	3,063,581	3,079,289	3,051,835	2,896,546	2,625,213
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	17.40%	16.17%	15.75%	15.75%	15.75%	15.75%	15.75%
<b>Tippah County Health Services</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution \$	1,209,300	1,186,451	1,139,347	1,041,841	859,397	903,431	859,032	813,203	680,612	755,644
Contributions in relation to the contractually required contribution	<u>(1,209,300)</u>	<u>(1,186,451)</u>	<u>(1,139,347)</u>	<u>(1,041,841)</u>	<u>(859,397)</u>	<u>(903,431)</u>	<u>(859,032)</u>	<u>(813,203)</u>	<u>(680,612)</u>	<u>(755,644)</u>
Contribution deficiency (excess) \$	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Facility's covered payroll	6,950,000	6,818,680	6,547,973	5,987,598	5,321,279	5,736,070	5,454,171	5,163,194	4,321,346	4,797,733
Contributions as a percentage of covered payroll	17.40%	17.40%	17.40%	17.40%	16.15%	15.75%	15.75%	15.75%	15.75%	15.75%

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

**TIPPAH COUNTY**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**  
**UNAUDITED**

Budgetary Comparison Schedules

**A. Budgetary Information**

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

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

**B. Basis of Presentation**

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

**C. Budget/GAAP Reconciliation**

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

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

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

		Governmental Fund Types			
		General Fund	Countywide Road Maint. Fund	Aluma Form Fund	American Rescue Plan Fund
Budget (Cash Basis)	\$	(277,780)	\$ (18,212)	\$ 82,179	\$ (1,101,795)
Increase (Decrease)					
Net adjustments for:					
Revenue accruals		11,610	990,860	-0-	1,101,795
Expenditure accruals		362,720	(410,118)	-0-	-0-
GAAP Basis	\$	<u>96,550</u>	<u>562,530</u>	<u>82,179</u>	<u>-0-</u>

**TIPPAH COUNTY**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**  
**UNAUDITED**

Pension Schedules

**A. Changes of Assumptions**

2023

- The investment rate of return assumption was changed from 7.55% to 7.00%.
- The assumed load for administrative expenses was decreased from 0.28% to 0.26% of payroll.
- Withdrawal rates, disability rates and service retirement rates were adjusted to reflect actual experience more closely.
- The percentage of participants assumed to receive a deferred benefit upon attaining the eligibility requirements for retirement was increased from 60% to 65%.
- For married members, the number of years that a male is assumed to be older than his spouse was changed from 3 years to 2 years.
- The assumed amount of unused sick leave at retirement was increased from 0.50 years to 0.55 years.
- The assumed average number of years of military service that participants will have at retirement was decreased from 0.25 years to 0.20 years.

2021

- The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:
  - For males, 95% of male rates up to age 60, 110% for ages 61 to 75, and 101% for ages above 77.
  - For females, 84% of female rates up to age 72, 100% for ages above 76.
  - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of disabled mortality was changed to PubG.H-2010 Disabled Table for disabled retirees with the following adjustments:
  - For males, 134% of male rates at all ages.
  - For females, 121% of female rates at all ages.
  - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The expectation of contingent annuitant mortality was based on the PubS.H-2010(B) Contingent Annuitant Table with the following adjustments:
  - For males, 97% of male rates at all ages.
  - For females, 110% of female rates at all ages.
  - Projection scale MP-2020 will be used to project future improvements in life expectancy generationally.
- The price inflation assumption was reduced from 2.75% to 2.40%.
- The wage inflation assumption was reduced from 3.00% to 2.65%.
- The investment rate of return assumption was changed from 7.75% to 7.55%.
- The assumed load for administrative expenses was increased from 0.25% to 0.28% of payroll.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to reflect actual experience more closely.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 9% to 12%.
- The percentage of active member deaths assumed to be in in the line of duty was decreased from 6% to 4%.



**TIPPAH COUNTY**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**  
**UNAUDITED**

Pension Schedules, continued

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.
- The price inflation assumption was reduced from 3.00% to 2.75%.
- The wage inflation assumption was reduced from 3.25% to 3.00%.
- Withdrawal rates, pre-retirement mortality rates, and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

2017

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

2016

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

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.

**TIPPAH COUNTY**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**  
**UNAUDITED**

Pension Schedules, continued

**B. Changes in benefit provisions**

2016

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

**C. Method and Assumptions Used in Calculations of Actuarially Determined Contributions**

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2021 valuation for the June 30, 2023 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	26.7 years
Asset valuation method	5-year smoothed market
Price Inflation	2.40 percent
Salary increase	2.65 percent to 17.90 percent, including inflation
Investment rate of return	7.55 percent, net of pension plan investment expense, including inflation

## **SUPPLEMENTARY INFORMATION**

**Tippah County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2023**

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of the Treasury</b>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	None	\$ 1,201,795 *
<b>U.S. Total Department of the Treasury</b>			<u>1,201,795</u>
<b>Appalachian Regional Commission</b>			
Appalachian Regional Development	23.001	MS-19534	76,831
<b>Total Appalachian Regional Commission</b>			<u>76,831</u>
<b>U.S. Department of Housing and Urban Development</b>			
<i>Passed through the Mississippi Development Authority:</i>			
Community Development Block Grants	14.228	1136-20-070-PF-01	35,137
Total passed through the Mississippi Development Authority:			<u>35,137</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>35,137</u>
<b>U.S. Department of Homeland Security</b>			
<i>Passed through the Mississippi Emergency Management Agency:</i>			
Emergency Management Performance Grants	97.042	EMPG-2022	25,419
Total passed through the Mississippi Emergency Management Agency			<u>25,419</u>
<b>U.S. Total Department of Homeland Security</b>			<u>25,419</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,339,182</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Note A - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Tippah County under programs of the federal government for the year ended September 30, 2023. 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 Tippah County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Tippah County.

**Note B - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on 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 prior years.

**Note C - Indirect Cost Rate**

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

\* Denotes major federal award program

**Tippah County**  
**Reconciliation of Operating Costs of Solid Waste**  
**For the Year Ended September 30, 2023**

**Operating Expenditures, Cash Basis:**

Salaries	\$	438,049
Refuse and waste fees		46,740
Contractual services		13,812
Expendable Commodities:		
Gasoline and petroleum		81,609
Repair parts		34,237
Supplies		3,294
Debt retirement		47,499
Interest expense		3,463

**Solid Waste Cash Basis Operating Expenditures**

668,703

**Full Cost Expenses:**

Depreciation on equipment	52,455
Change in claims payable and accrued liabilities:	
Salaries	(26,188)
Refuse and waste fees	581
Contractual services	(4,354)
Expendable commodities	(10,757)

**Solid Waste Full Cost Operating Expenses**

\$ 680,440

## **OTHER INFORMATION**

**Tippah County**  
**Schedule of Surety Bonds for County Officials**  
**For the Year Ended September 30, 2023**  
**UNAUDITED**

<b>Name</b>	<b>Position</b>	<b>Company</b>	<b>Bond</b>
Jimmy Gunn	Supervisor District 1	Travelers	\$ 100,000
Greg Harrell	Supervisor District 2	Travelers	100,000
Mike Graves	Supervisor District 3	Travelers	100,000
Glen Michael	Supervisor District 4	Travelers	100,000
Chad Newby	Supervisor District 5	Travelers	100,000
Melinda Crum	County Administrator	Travelers	100,000
Mike Long	Chancery Clerk	Travelers	100,000
Shana Lowry	Chancery Clerk Deputy	Travelers	50,000
Kim Estes	Chancery Clerk Deputy	Travelers	50,000
Hope Barkley	Chancery Clerk Deputy	Travelers	50,000
Melinda Crum	Chancery Clerk Deputy	Travelers	50,000
Dianne Graves	Circuit Clerk	Travelers	100,000
Sandra Benefield	Circuit Clerk Deputy	Travelers	100,000
Jennifer White	Circuit Clerk Deputy	Travelers	100,000
Stacy Hill	Purchase Clerk	Travelers	100,000
Melinda Crum	Assistant Purchase Clerk	Travelers	50,000
Shellie Parker	Receiving Clerk	Travelers	75,000
Donnie Stroupe	Assistant Receiving Clerk	Travelers	50,000
Tony Box	Assistant Receiving Clerk	Travelers	50,000
John Raines	Assistant Receiving Clerk	Travelers	50,000
Drew Noe	Assistant Receiving Clerk	Travelers	50,000
Dewayne Bennett	Assistant Receiving Clerk	Travelers	50,000
Gloria White	Justice Court Clerk	Travelers	50,000
Kristina Lovorn	Justice Court Clerk	Travelers	50,000
Patricia Kent	Justice Court Clerk	Travelers	50,000
Shelby Page	Justice Court Clerk	Travelers	50,000
David Mathis	Constable	Travelers	50,000
Keith Bullock	Constable	Travelers	50,000
Jenny Wilbanks	Inventory Control Clerk	Travelers	75,000
Larry Jackson	Road Manager	Travelers	50,000
Clarence Meeks	Justice Court Judge	Travelers	50,000
Benny Jackson	Justice Court Judge	Travelers	50,000
David Gaillard	Sheriff	Travelers	100,000
Howard Knight	Jail Administrator	Travelers	50,000
Brandon Wilbanks	Jail Administrator	Travelers	50,000
Richard Alan Benefield	Jailer	Travelers	50,000
Maria Delgado	Jailer	Travelers	50,000

**(Continued)**

**Tippah County**  
**Schedule of Surety Bonds for County Officials**  
**For the Year Ended September 30, 2023**  
**UNAUDITED**

<b>Name</b>	<b>Position</b>	<b>Company</b>	<b>Bond</b>
Dylan Melson	Jailer	Travelers	\$ 50,000
Paul Holston	Jailer	Travelers	50,000
Crystal Paul	Jailer	Travelers	50,000
Sheryl Adams	Jailer	Travelers	50,000
Brandon Prather	Jailer	Travelers	50,000
Marques Barton	Jailer	Travelers	50,000
Tina Childers	Jailer	Travelers	50,000
Tyler Stark	Jailer	Travelers	50,000
Larry Whitehead	Jailer	Travelers	50,000
Joe Akins	Tax Assessor / Collector	Travelers	100,000
Melissa Roberson	Tax Assessor Deputy	Travelers	10,000
Jenny Wilbanks	Tax Assessor Deputy	Travelers	10,000
Angie Cobb	Tax Assessor Deputy	Travelers	10,000
Jenny Wilbanks	Tax Collector Deputy	Travelers	50,000
Melissa Roberson	Tax Collector Deputy	Travelers	50,000
Angie Cobb	Tax Collector Deputy	Travelers	50,000
Cassandra Jackson	Tax Collector Deputy	RLI	50,000
Kesha Robbins	Tax Collector Deputy	Travelers	50,000
Madlyn Kilzer	Tax Collector Deputy	Travelers	50,000

**Discretely Presented Component Unit - Tippah County Health Services**

Dr. Patrick Chapman	CEO	Travelers	100,000
Stephanie McAlister	CFO	Travelers	100,000
Robert Cagle	Trustee	Travelers	100,000
Roger Childs	Trustee	Travelers	100,000
Ray Crawford	Trustee	Travelers	100,000
David Hubbard	Trustee	Travelers	100,000
Lana Richardson	Trustee	Travelers	100,000
Vicki Skinner	Trustee	Travelers	100,000
Greg Ward	Trustee	Travelers	100,000



## **SPECIAL REPORTS**

**VANCE & COMPANY, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors  
Tippah County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Tippah County, Mississippi, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated June 20, 2025. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of Tippah County Development Foundation which is 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 this component unit.

Our report also includes a reference to other auditors who audited the financial statements of the Tippah County Health Services, as described in our report on Tippah County, Mississippi's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001, 2023-002, 2023-004, and 2023-005 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2023-003 to be a significant deficiency.

#### Report on Compliance and Other Matters

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

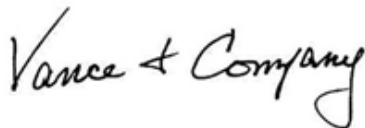
However, we noted certain matters which we have reported to the management of Tippah County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated June 20, 2025, included within this document.

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

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

#### **Purpose of the Report**

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



Tupelo, Mississippi  
June 20, 2025

**VANCE & COMPANY, P.A.**  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Members of the Board of Supervisors  
Tippah County, Mississippi

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited Tippah County, Mississippi'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 Tippah County, Mississippi's major federal program for the year ended September 30, 2023. Tippah County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Tippah County, Mississippi complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2023.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Tippah County, Mississippi 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 the major federal program. Our audit does not provide a legal determination of Tippah County, Mississippi'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 Tippah County, Mississippi's federal programs.

***Auditor's 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 Tippah County, Mississippi'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 GAAS, *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 Tippah County, Mississippi's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS and *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 misstatement, 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 Tippah County Mississippi'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 Tippah County, Mississippi'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 Tippah County, Mississippi'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 Auditor's 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.



Tupelo, Mississippi  
June 20, 2025

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

Members of the Board of Supervisors  
Tippah County, Mississippi

We have examined Tippah 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, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13. Miss. Code Ann. (1972) during the year ended September 30, 2023. The Board of Supervisors of Tippah County, Mississippi, is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

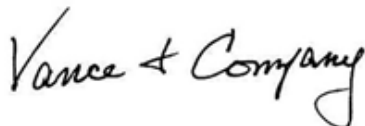
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Tippah 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, Tippah County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2023.

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

This report is intended for use in evaluating Tippah 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.



Tupelo, Mississippi  
June 20, 2025

**Tippah County**  
**Schedule of Purchases Not Made From the Lowest Bidder**  
**For the Year Ended September 30, 2023**

**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>
4/11/2023	Cameras and Video Recorders	\$ 17,480	Sealed Security	\$ 15,480	Quality and functionality of the cameras were superior and consistent with other cameras used by the County

**Tippah County  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2023**

**Schedule 2**

Our tests did not identify any emergency purchases.



**Tippah County**  
**Schedule of Purchases Made Noncompetitively from a Sole Source**  
**For the Year Ended September 30, 2023**

**Schedule 3**

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
4/15/2023	(26) DS200 ballot scanners	\$ 97,500	Election Systems & Software
7/26/2023	One year extended warranty for ballot scanners	11,130	Election Systems & Software
10/31/2022	Electrosurgery machine	15,540 *	Olympus America
10/31/2022	Laparoscopic hand instruments	8,193 *	Olympus America

\* - These items were purchased for the benefit of Tippah County Health Services

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**LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT**

Members of the Board of Supervisors  
Tippah County, Mississippi

In planning and performing our audit of the financial statements of Tippah County, Mississippi for the year ended September 30, 2023, we considered Tippah 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 Tippah 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 June 20, 2025, on the financial statements of Tippah 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 the 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 an immaterial instance of noncompliance with state laws and regulations that is an opportunity for strengthening internal controls and operating efficiency. Our finding, recommendation, and your response is disclosed below:

**Chancery Clerk.**

**Finding 1:** The Chancery Clerk did not retain adequate documentation supporting the Annual Financial Report.

**Applicable State Law:** *Section 9-1-45(1), Mississippi Code Annotated (1972)*, states, "Each Chancery and Circuit Clerk shall file, not later than April 15 of each year, with the State Auditor of Public Accounts a true and accurate annual report on a form to be designed and supplied to each Clerk by the State Auditor of Public Accounts immediately after January 1 of each year. The form shall include the following information: (a) revenues subject to the salary cap, including fees; (b) revenues not subject to the salary cap; and (c) expenses of office, including any salary paid to a Clerk's spouse or children. Each Chancery and Circuit clerk shall provide any additional information requested by the Public Employees' Retirement System for the purpose of retirement calculations."

**Finding Detail:** The following items were unable to be verified on the Annual Financial Report as prepared by the Chancery Clerk:

- Supporting documentation could not be located for non-payroll expenses. The Chancery Clerk claimed non-payroll expenses in the amount of \$3,314 that could not be verified.

**Recommendation:** We recommend the Chancery Clerk ensure that all supporting documentation for the Annual Financial Report is retained.

**County Administrator Response:** The Chancery Clerk during this time did not seek re-election after the 2020-2023 term. Our current clerk has been made aware of the importance of this matter.

**Repeat Finding:** Yes.

Tippah County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

This report is intended 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.

*Vance & Company*

Tupelo, Mississippi  
June 20, 2025

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**TIPPAH COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**Section 1: Summary of Auditor's Results**

**Financial Statements:**

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

Governmental Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
General Fund	Unmodified
County-wide Road Maintenance Fund	Unmodified
Aluma Form Fund	Unmodified
American Rescue Plan Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

2. Internal control over financial reporting:

a. Material weakness(es) identified?	Yes
b. Significant deficiency(ies) identified?	Yes

3. Noncompliance material to the financial statements? 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 compliance with major federal programs: Unmodified

6. Any audit findings 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 used to distinguish between Type A and Type B programs: \$750,000

9. Auditee qualified as a low-risk auditee? No

10. Prior fiscal year audit findings 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

**TIPPAH COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**Section 2: Financial Statement Findings**

Material Weakness

**Board of Supervisors**

2023-001 Finding - Financial data for component unit not included in the financial statements.

Repeat Finding – Yes (2022-001)

Criteria – Accounting principles generally accepted in the United States of America require the financial data for the County's component units to be included in the financial data of the County unless the County also issues financial statements for the financial reporting entity that includes the financial data for its component units.

Condition – The financial statements of the County do not include the financial data of the Tippah County Development Foundation (the Foundation), a legally separate component unit.

Cause – The Foundation's audited financial statements were prepared under the modified cash basis of accounting and were not audited in accordance with *Government Auditing Standards*. Due to the nature of activities between Tippah County and its' component units (including material lease arrangements), it was determined that the inclusion of the Foundation's financial data would cause the financial statements of Tippah County to be inconsistent and misleading.

Effect – The failure to include financial statements of all component units in accordance with accounting principles generally accepted in the United States of America could result in incomplete and misleading information.

Recommendation – The County should request that the financial statements for the Foundation to be prepared accordance with accounting principles generally accepted in the United States of America and audited according to *Government Auditing Standards*.

Response – We have contacted the Foundation and requested that future financial statements are prepared and audited in a manner consistent to the County.

**Chancery Clerk**

Material Weakness

2023-002 Finding – Lack of proper segregation of duties over the payroll function.

Repeat Finding: Yes (2022-002)

Criteria – An effective system of internal control should include adequate segregation of duties for the payroll function.

Condition – The size of the County's staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties.

Cause – Due to an improperly designed internal control structure, the payroll clerk prepares the payroll, stamps the Chancery Clerk's signature, and reconciles the payroll bank statement.

Effect – Lack of segregation of duties could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of assets.

Recommendation – The Chancery Clerk should implement an effective system of internal controls over the payroll function that will ensure proper segregation of duties exists with respect to control of the general ledger, the processing of payroll, and other payroll duties.

Response – I am training my deputies to take over some of the indicated functions and will continue to implement segregation of duties wherever possible.

#### Significant Deficiency

2023-003 Finding – Compensated absence liability does not include the earned personal and vacation leave for the Chancery Clerk office.

Repeat Finding – Yes (2022-003)

Criteria – Accounting principles generally accepted in the United States of America require the recording of a liability for earned personal and vacation leave that is subject to payment if an employee leaves or retires.

Condition – The compensated absences liability does not include the earned personal and vacation leave for employees of the Chancery Clerk's office.

Cause – Records of personal and vacation leave in the Chancery Clerk's office were insufficient to determine the number of days available as of September 30, 2023.

Effect – The failure to maintain adequate records regarding personal and vacation leave in the Chancery Clerk's office could result in an understatement of the compensated absences liability.

Recommendation – The Chancery Clerk should ensure that adequate records are maintained for each type of earned leave for employees of his office.

Response – I have been maintaining these records for each of my employees since I took office in January 2024.

#### **Sheriff**

#### Material Weakness

2023-004 Finding – Lack of proper segregation of duties in the Sheriff's office.

Repeat Finding: Yes (2022-004)

Criteria – An effective system of internal control should include adequate segregation of duties in the Sheriff's office.

Condition – The size of the County's staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties.

Cause – Due to an improperly designed internal control structure, the bookkeeper receipts collections, prepares the deposits, calculates the monthly settlements, posts to the cash journal, reconciles the bank statements, and disburses all funds.

Effect – Lack of segregation of duties could result in unrecorded transactions, misstated financial reports, undetected errors, or misappropriation of assets.

Recommendation – The Sheriff should implement effective internal control policies to ensure a proper segregation of duties in the cash collection, disbursement, recording, and reconciling functions.

Response – The Sheriff will implement effective internal controls as feasible with the available resources. However, he does provide frequent and independent reviews of the processing and recording of the financial data of the Sheriff's office.

## **Land Redemption Clerk**

### Material Weakness

2023-005 Finding – Internal controls over land redemption settlements and cash maintenance should be strengthened.

Repeat Finding – Yes (2022-006)

Criteria – An effective system of internal controls should include adequate subsidiary records documenting the balance of cash in the land redemption account. Bank reconciliations should account for all currently held releases and include a complete listing of outstanding checks.

Condition – During our audit of land redemption, we noted the following deficiencies:

1. The bank reconciliations were being prepared manually, and insufficient documentation was retained to verify the running distribution of cash.
2. The accounting system used for land redemption was not able to generate a listing of outstanding checks. As a result, cash on hand appeared to be higher than the amount that was due to settle.

Cause – The lack of adequate controls over land redemption reporting, including reconciliation of cash.

Effect – The failure to implement adequate controls over land redemption settlements and cash maintenance could lead to a loss of public funds.

Recommendation – The Chancery Clerk should ensure that controls are in place over land redemption settlements and cash maintenance in order to maintain accountability and safeguard these funds.

Response – The previous land redemption clerk retired in January 2024. I have started a new land redemption account and have balanced the account on a monthly basis during my tenure.

### **Section 3: Federal Award Findings and Questioned Costs**

The results of our tests did not disclose any findings and questioned costs related to federal awards.



# **Tippah County Board of Supervisors**

Mike Graves, Third District  
Chad Newby, Fifth District  
Jimmy Gunn, First District

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RIPLEY, MISSISSIPPI 38663  
(662) 837-1053

Glen Michael, Fourth District  
Greg Harrell, Second District  
B. Sean Akins, Attorney

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**Shana Lowry, Chancery Clerk  
Melinda Crum, Administrator**

## **AUDITEE'S CORRECTIVE ACTION PLAN** For the Year Ended September 30, 2023

As required by Section 2 CFR 200.511(a) of the Uniform Guidance, Tippah County, Mississippi has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2023:

### Finding

### Corrective Action Plan Details

2023-001

Name of Contact Person Responsible for Corrective Action

Melinda Crum, County Administrator, 662-837-1053

Corrective Action Planned:

We have contacted the Foundation and requested that future financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and audited in accordance with *Government Auditing Standards*.

Anticipated Completion Date: Not determined.

2023-002

Name of Contact Person Responsible for Corrective Action

Shana Lowry, Chancery Clerk, 662-837-7374

Corrective Action Planned:

I am training my deputies to take over some of the indicated functions and will continue to implement segregation of duties wherever possible.

Anticipated Completion Date: December 31, 2025.

2023-003

Name of Contact Person Responsible for Corrective Action

Shana Lowry, Chancery Clerk, 662-837-7374

Corrective Action Planned:

I have been maintaining these records for each of my employees since I took office in January 2024.

Anticipated Completion Date: Completed.

2023-004

Name of Contact Person Responsible for Corrective Action

Karl Gaillard, Sheriff, 662-837-9336

Corrective Action Planned:

Due to the size of the County and our staff, it is difficult to adequately segregate duties. However, we will look into training more of our existing staff to perform some of these functions.

Anticipated Completion Date: Not determined.

2023-005

Name of Contact Person Responsible for Corrective Action

Shana Lowry, Chancery Clerk, 662-837-7374

Corrective Action Planned:

I have started a new land redemption account and have balanced the account on a monthly basis during my tenure.

Anticipated Completion Date: Completed.

# **Tippah County Board of Supervisors**

Mike Graves, Third District  
Chad Newby, Fifth District  
Jimmy Gunn, First District

101 East Spring Street  
RIPLEY, MISSISSIPPI 38663  
(662) 837-1053

Glen Michael, Fourth District  
Greg Harrell, Second District  
B. Sean Akins, Attorney

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**Shana Lowry, Chancery Clerk  
Melinda Crum, Administrator**

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

For the Year Ended September 30, 2023

As required by Section 2 CFR 200.511(b) of the Uniform Guidance, Tippah County, Mississippi has prepared and hereby submits the following summary schedule of prior audit findings.

### **Section 2: Financial Statement Findings**

#### 2022-001 Financial data for component unit not included in the financial statements.

Reason for recurrence:

The audited financial statements for Tippah County Development Foundation (a discretely presented component unit) were not completed as of the date this report was available to be issued. Audited financial statements for the previous year were issued under the modified basis of accounting and were materially inconsistent with financial statements of the County and Tippah County Health Services (a discretely presented component unit).

Planned corrective action:

We have discussed these matters with management of the Tippah County Development Foundation and plan to correct any inconsistencies in financial reporting moving forward.

#### 2022-002 Lack of proper segregation of duties over the payroll function.

Reason for recurrence:

The size of the County's staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties.

Planned corrective action:

I am in the process of training my deputies to take over some of these functions.

#### 2022-003 Compensated absence liability does not include the earned personal and vacation leave for the Chancery Clerk office.

Reason for recurrence:

Records regarding personal and vacation leave in the Chancery Clerk's office were not adequately maintained until the current clerk took office in January 2024.

Planned corrective action:

I have been maintaining these records for each of my employees since I took office in January 2024.

2022-004 Lack of proper segregation of duties in the Sheriff's office.

Reason for recurrence:

The size of the County's staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties.

Planned corrective action:

We are continuing to make improvements wherever deemed possible with the staff that we have.

2022-005 Infrastructure additions were not accurately recorded in the accounting system.

I have made corrections to inventory based on an analysis of infrastructure with our road manager and engineer. I have also made other corrections to record donated items and to improve consistency of reporting with heavy equipment.

2022-006 Internal controls over land redemption settlements and cash maintenance should be strengthened.

Reason for recurrence:

Bank reconciliations for the land redemption account were not adequately maintained until the current clerk took office in January 2024.

Planned corrective action:

I have started a new land redemption account and have balanced the account on a monthly basis during my tenure.

**Section 3: Federal Award Findings**

There were no prior year findings and questioned costs related to federal awards.