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**NOXUBEE COUNTY, MISSISSIPPI**  
**AUDITED FINANCIAL STATEMENTS AND**  
**SPECIAL REPORTS**

**For the Year Ended September 30, 2013**

## CONTENTS

	Page
FINANCIAL AUDIT REPORT	
INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION	1-5
FINANCIAL STATEMENTS	
Statement of net position	6
Statement of activities	7
Balance sheet – governmental funds	8
Reconciliation of governmental funds balance sheet to the statement of net position	9
Statement of revenues, expenditures, and changes in fund balances – governmental funds	10
Reconciliation of the statement of revenues, expenditures, and changes in fund balances – governmental funds to the statement of activities	11
Statement of fiduciary assets and liabilities	12
Notes to financial statements	13-32
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule for the general fund	33
Notes to the required supplementary information	34-35
SUPPLEMENTAL INFORMATION	
Reconciliation of operating costs of solid waste	36
OTHER INFORMATION	
Schedule of Surety Bonds for County Officials	37
INDEPENDENT AUDITORS' 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 <i>GOVERNMENT AUDITING STANDARDS</i>	38-40
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)]	41-46
LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT	47-49
SCHEDULE OF FINDINGS AND RESPONSES	50-52
AUDITEE'S CORRECTIVE ACTION PLAN	53-54

**NOXUBEE COUNTY, MISSISSIPPI**

**FINANCIAL AUDIT REPORT**

For the Year Ended September 30, 2013



REA, SHAW, GIFFIN & STUART, LLP  
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## INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Members of the Board of Supervisors  
Noxubee County, Mississippi

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Noxubee County, Mississippi, (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements of the County's primary government as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units**

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

#### **Basis for Qualified Opinion on the Other Governmental Funds and Governmental Activities**

Management did not maintain adequate subsidiary records documenting the accounts receivable of solid waste user fees or the aging of these accounts receivable. Due to the nature of the County's records, we were unable to satisfy ourselves as to the fair presentation of accounts receivable, net, reported on the statement of net position and in the other governmental funds at \$135,977, as of September 30, 2013. Also, because of the nature of the accounts receivable records, we could not satisfy ourselves as to the fair presentation of the related transactions of the other governmental funds.

#### **Basis for Qualified Opinion on the General Fund and Governmental Activities**

Management did not maintain adequate subsidiary records documenting the fines receivable of the Circuit Court or the aging of the fines receivable. Due to the nature of the County's records, we were unable to satisfy ourselves as to the fair presentation of fines receivable, net, reported on the statement of net position and in the general fund at \$571,833, as of September 30, 2013. Also, because of the nature of the fines receivable records, we could not satisfy ourselves as to the fair presentation of the related transactions of the general fund.

#### **Basis for Qualified Opinion on the Governmental Activities**

Management has not maintained adequate subsidiary records documenting the existence, completeness and valuation of the governmental activities capital assets reported on the statement of net position at \$16,189,387, as of September 30, 2013. Accounting principles generally accepted in the United States of America require adequate subsidiary records documenting the existence, completeness and valuation of capital assets. The amount by which this departure would affect the assets and expenses of the governmental activities is not reasonably determinable. Accordingly, we were unable to satisfy ourselves as to the fair presentation of these capital assets and related transactions of the governmental activities.

### **Adverse Opinion**

In our opinion, because of the omission of the discretely presented component units, as discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of Noxubee County, Mississippi, as of September 30, 2013, or the changes in financial position thereof for the year then ended.

### **Qualified Opinion**

In our opinion, except for the effects of such adjustments if any, as might have been determined to be necessary had we been able to examine evidence to determine the net realizable value of solid waste accounts receivable for the other governmental funds as described in the "Basis for Qualified Opinion on the Other Governmental Funds and Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate remaining fund information for the primary government of Noxubee County, Mississippi, as of September 30, 2013, and the respective changes in financial position thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

### **Qualified Opinion**

In our opinion, except for the effects of such adjustments if any, as might have been determined to be necessary had we been able to examine evidence to determine the net realizable value of the circuit court fines receivable for the general fund as described in the "Basis for Qualified Opinion on the General Fund and Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund for the primary government of Noxubee County, Mississippi, as of September 30, 2013, and the respective changes in financial position thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

### **Qualified Opinion**

In our opinion, except for the effects of the matters discussed in the "Basis for Qualified Opinion" paragraphs, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities for the primary government of Noxubee County, Mississippi, as of September 30, 2013, and the respective changes in financial position thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### **Omission of Required Supplementary Information**

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

### *Supplementary and Other Information*

The accompanying Reconciliation of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 Reconciliation of Operating Costs of Solid Waste 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Reconciliation of Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2015, on our consideration of Noxubee County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Rea, Shaw, Giffin & Stuart*

REA, SHAW, GIFFIN & STUART, LLP

Noxubee, Mississippi  
October 21, 2015

NOXUBEE COUNTY, MISSISSIPPI  
FINANCIAL STATEMENTS

NOXUBEE COUNTY

Exhibit 1

STATEMENT OF NET POSITION  
September 30, 2013

**ASSETS**

Cash	\$ 1,450,015
Property tax receivable	3,656,338
Accounts receivable, net of allowance for uncollectibles of \$1,742,416	135,977
Fines receivable, net of allowance for uncollectibles of \$656,715	624,835
Intergovernmental receivables	188,559
Loans receivable	34,275
Other receivables	85,426
Capital assets, net	<u>16,198,387</u>
<b>Total assets</b>	<b><u>\$ 22,373,812</u></b>

**LIABILITIES**

Claims payable	\$ 203,203
Intergovernmental payables	111,330
Deferred revenue	3,664,277
Long-term liabilities	
Due within one year:	
Capital related debt	441,507
Non-capital debt	268,458
Due in more than one year:	
Capital related debt	804,066
Non-capital debt	<u>71,593</u>
<b>Total liabilities</b>	<b><u>\$ 5,564,434</u></b>

**NET POSITION**

Net investment in capital assets	\$ 14,952,814
Restricted for:	
Public works	300,368
Health and welfare	6,642
Economic development	32,798
Other purposes	15,986
Unrestricted	<u>1,500,770</u>
<b>Total net position</b>	<b><u>\$ 16,809,378</u></b>

The Notes to Financial Statements are an integral part of this statement.

**NOXUBEE COUNTY**

**Exhibit 2**

**STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 2,421,656	\$ 700,588	\$ 115,883	\$ -	\$ (1,605,185)
Public safety	1,205,942	159,059	50,579	9,561	(986,743)
Public works	2,318,436	461,570	605,334	187,669	(1,063,863)
Health and welfare	331,425	-	18,432	-	(312,993)
Culture and recreation	242,896	-	61,652	11,196	(170,048)
Education	632,803	-	-	-	(632,803)
Conser. of natural resources	196,431	-	-	-	(196,431)
Economic development	58,131	-	380,982	-	322,851
Interest on long-term debt	21,838	-	-	-	(21,838)
<b>Total governmental activities</b>	<b>\$ 7,429,558</b>	<b>\$ 1,321,217</b>	<b>\$ 1,232,862</b>	<b>\$ 208,426</b>	<b>\$ (4,667,053)</b>
<b>General revenues:</b>					
Taxes:					
					\$ 4,305,691
					115,785
					417,328
					26,415
					88,421
					182,088
					150,242
					<u>\$ 5,285,970</u>
					<u>\$ 618,917</u>
					\$ 16,339,635
					(149,174)
					<u>\$ 16,190,461</u>
					<u>\$ 16,809,378</u>

The Notes to Financial Statements are an integral part of this statement.

NOXUBEE COUNTY

Exhibit 3

BALANCE SHEET – GOVERNMENTAL FUNDS  
September 30, 2013

	Major Fund		Total Governmental Funds
	General Fund	Other Governmental Funds	
<b>ASSETS</b>			
Cash	\$ 1,358,206	\$ 91,809	\$ 1,450,015
Property tax receivable	2,494,940	1,161,398	3,656,338
Accounts receivable, net	-	135,977	135,977
Fines receivable, net	624,835	-	624,835
Intergovernmental receivables	31,882	156,677	188,559
Other receivables	62,595	18,150	80,745
Due from other funds	257,480	103,907	361,387
<b>Total assets</b>	<b>\$ 4,829,938</b>	<b>\$ 1,667,918</b>	<b>\$ 6,497,856</b>
<b>LIABILITIES &amp; FUND BALANCES</b>			
Liabilities:			
Claims payable	\$ 37,336	\$ 165,867	\$ 203,203
Intergovernmental payables	111,330	-	111,330
Due to other funds	108,230	248,476	356,706
Deferred revenue	3,119,774	1,305,315	4,425,089
<b>Total liabilities</b>	<b>\$ 3,376,670</b>	<b>\$ 1,719,658</b>	<b>\$ 5,096,328</b>
Fund balances:			
Restricted for:			
Capital project funds	\$ -	\$ 15,986	\$ 15,986
Assigned to:			
Public works	-	300,368	300,368
Health and welfare	-	6,642	6,642
Economic development	-	32,798	32,798
Unassigned	1,453,268	(407,534)	1,045,734
<b>Total fund balances</b>	<b>\$ 1,453,268</b>	<b>\$ (51,740)</b>	<b>\$ 1,401,528</b>
<b>Total liabilities &amp; fund balances</b>	<b>\$ 4,829,938</b>	<b>\$ 1,667,918</b>	<b>\$ 6,497,856</b>

The Notes to Financial Statements are an integral part of this statement.

NOXUBEE COUNTY

Exhibit 3.1

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION

September 30, 2013

<b>Total fund balance - governmental funds</b>	<b>\$ 1,401,528</b>
Amounts reported for governmental activities in the statement of net position (exhibit 1) 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 \$16,566,201 (Note 6).	16,198,387
Accounts receivable that have accrued at year end but are not available to liquidate liabilities of the current period are not reported in the funds.	135,977
Fines receivable that have accrued at year end but are not available to liquidate liabilities of the current period are not reported in the funds.	624,835
Long-term receivables are not due in current period, and therefore not reported in the funds:	34,275
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Long-term liabilities (Note 10)	<u>(1,585,624)</u>
<b>Total net position - governmental activities</b>	<b><u>\$ 16,809,378</u></b>

The Notes to Financial Statements are an integral part of this statement.

**NOXUBEE COUNTY**

**Exhibit 4**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2013

	Major Fund		
	General Fund	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Property taxes	\$ 3,097,733	\$ 1,207,955	\$ 4,305,688
Road and bridge privilege taxes	-	115,786	115,786
Licenses, commissions and other revenue	124,049	2,651	126,700
Fines and forfeitures	111,674	-	111,674
Intergovernmental revenues	500,243	1,193,074	1,693,317
Charges for services	143,903	441,499	585,402
Interest income	25,070	1,417	26,487
Miscellaneous revenues	64,694	206,461	271,155
<b>Total revenues</b>	<u>\$ 4,067,366</u>	<u>\$ 3,168,843</u>	<u>\$ 7,236,209</u>
<b>EXPENDITURES</b>			
Current:			
General government	\$ 2,248,672	\$ 44,151	\$ 2,292,823
Public safety	1,127,502	64,218	1,191,720
Public works	3,852	2,448,020	2,451,872
Health and welfare	211,325	119,034	330,359
Culture and recreation	56,544	186,351	242,895
Education	127,850	487,798	615,648
Conservation of natural resources	112,482	-	112,482
Economic development and assistance	83,949	(86,858)	(2,909)
Debt service:			
Principal	68,901	676,962	745,863
Interest	1,713	20,125	21,838
<b>Total expenditures</b>	<u>\$ 4,042,790</u>	<u>\$ 3,959,801</u>	<u>\$ 8,002,591</u>
Excess of revenues over (under) expenditures	<u>\$ 24,576</u>	<u>\$ (790,958)</u>	<u>\$ (766,382)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-term capital debt issued	\$ -	\$ 465,500	\$ 465,500
Short-term debt proceeds	-	163,000	163,000
Proceeds from sale of capital assets	600	397,500	398,100
Transfers in	1,853	5,560	7,413
Transfers out	(5,560)	(1,853)	(7,413)
<b>Total other financing sources (uses)</b>	<u>\$ (3,107)</u>	<u>\$ 1,029,707</u>	<u>\$ 1,026,600</u>
<b>Net changes in fund balances</b>	\$ 21,469	\$ 238,749	\$ 260,218
<b>Fund balances - beginning</b>	<u>1,431,799</u>	<u>(290,489)</u>	<u>1,141,310</u>
<b>Fund balances - ending</b>	<u>\$ 1,453,268</u>	<u>\$ (51,740)</u>	<u>\$ 1,401,528</u>

The Notes to Financial Statements are an integral part of this statement.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2013

<b>Net changes in fund balances - governmental funds (exhibit 4)</b>	<b>\$ 260,218</b>
<p>Amounts reported for governmental activities in the statement of activities (exhibit 2) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation of \$659,938 exceeded capital outlays of \$603,656 in the current period.</p>	(56,282)
<p>In the statement of activities, only gains and losses from the sale of capital assets are reported, whereas in the governmental funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$150,242 and the proceeds from the sale of \$398,100 in the current period.</p>	(247,858)
<p>Fines revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the statement of activities using the full-accrual basis of accounting.</p>	477,369
<p>Solid waste revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the statement of activities using the full-accrual basis of accounting.</p>	20,071
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net positions. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net positions. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$745,863 exceeded debt proceeds of \$628,500.</p>	117,363
<p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. Thus, the change in net position differs from the change in fund balances by the decrease in compensated absences.</p>	48,037
Rounding	<u>(1)</u>
<b>Change in net position of governmental activities (exhibit 2)</b>	<b><u>\$ 618,917</u></b>

The Notes to Financial Statements are an integral part of this statement.

NOXUBEE COUNTY

Exhibit 8

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
September 30, 2013

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 50,077
Intergovernmental receivable	3,004
Due from other funds	<u>4,323</u>
<b>Total assets</b>	<b><u>\$ 57,404</u></b>
<b>LIABILITIES</b>	
Accrued liabilities	\$ 48,400
Due to other funds	<u>9,004</u>
<b>Total liabilities</b>	<b><u>\$ 57,404</u></b>

The Notes to Financial Statements are an integral part of this statement.

## NOXUBEE COUNTY

### NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2013

#### Note 1. Significant Accounting Policies

##### Financial Reporting Entity

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

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

- Noxubee County Library
- Noxubee County General Hospital

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

##### 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 and fund financial statements, which provide a detailed level of financial information.

## NOXUBEE COUNTY

### NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2013

#### Note 1. Significant Accounting Policies (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 nonfiduciary activities of the primary government. 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.

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, liabilities, fund equity, revenues, and expenditures. Funds are organized into governmental and fiduciary. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

##### Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government

NOXUBEE COUNTY

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2013

**Note 1. Significant Accounting Policies (continued)**

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 sixty days after year-end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations, and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major governmental funds:

General Fund

This fund is used to account for all activities of the general government for which a separate fund has not been established.

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 (other than for major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions, and other resources restricted as to purpose.

NOXUBEE COUNTY

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2013

Note 1. Significant Accounting Policies (continued)

Debt Service Funds – These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Funds – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bond issues and federal grants.

Fiduciary Fund Types

Agency Funds – These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

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.

Deposits and Investments

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

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

## NOXUBEE COUNTY

### NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2013

#### Note 1. Significant Accounting Policies (continued)

##### Receivables

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

##### Interfund Transactions and Balances

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

##### Prepaid Items

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.

##### Capital Assets

Capital acquisition and construction are reflected as expenditures in governmental fund statements and the related assets are reported as capital assets in the applicable governmental activities column in the government-wide financial statements. However, the capital assets amount reported on the accompanying statement of net position is not fairly presented because the County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets. 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.

NOXUBEE COUNTY

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2013

Note 1. Significant Accounting Policies (continued)

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Noxubee County meets this criteria but has chosen to report this information. General infrastructure assets include all roads and bridges and other infrastructure assets acquired prior to October 1, 2002, as well as those acquired subsequent to October 1, 2002.

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

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

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

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.

## NOXUBEE COUNTY

### NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2013

#### Note 1. Significant Accounting Policies (continued)

##### Equity Classifications

##### Government-wide Financial Statements

Equity is classified as net position and displayed in three components:

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

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

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

##### 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 restricted, 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.

Assigned fund balance includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Board of Supervisors pursuant to authorization established by the Board of Supervisors.

## NOXUBEE COUNTY

### NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2013

#### Note 1. Significant Accounting Policies (continued)

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

When an expenditure is incurred for purposes for which both restricted and unrestricted (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 (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 assigned resources first, followed by unassigned amounts.

#### Property Tax Revenues

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

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

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

**NOXUBEE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2013

**Note 1. Significant Accounting Policies (continued)**

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.

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.

**Note 2. Prior Period Adjustments**

A summary of significant fund equity adjustments is as follows:

Exhibit 2 – Statement of Activities

<u>Explanation</u>	<u>Amount</u>
To correct errors in prior year capital assets, net	<u>\$ (149,174)</u>

**Note 3. Deposits**

The carrying amount of the County's total deposits with financial institutions at September 30, 2013, was \$1,500,092, and the bank balance was \$1,655,620. 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.

NOXUBEE COUNTY

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2013

**Note 3. Deposits (continued)**

In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

**Note 4. Intergovernmental Receivables**

Intergovernmental receivables at September 30, 2013 consisted of the following:

Governmental Activities

Legislative tax credit	\$ 27,709
Other State receivables	85,136
Receivables from local governments	5,714
Due from federal	<u>70,000</u>
Total	<u>\$ 188,559</u>

**NOXUBEE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2013

**Note 5. Interfund Transactions and Balances**

The following is a summary of interfund balances at September 30, 2013:

Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 248,476
General Fund	Agency Funds	9,004
Other Governmental Funds	General Fund	103,907
Agency Funds	General Fund	4,323
Total		\$ 365,710

Some of the receivables represent the tax revenue collected but not settled until October 2013. Others represent amounts borrowed by other funds to use for reimbursable grant projects. That money will be repaid when the money due from the grantor agencies is received. Some represent instances where checks were cut from certain funds to pay claims that should have been paid out of other funds and these funds are expected to be repaid within one year. Also, the amount payable to agency fund includes money borrowed by the general fund during the year which is expected to be repaid within one year.

Transfers In/Out

Transfer In	Transfer Out	Amount
General Fund	Other Governmental Funds	\$ 1,853
Other Governmental Funds	General Fund	5,560
Total		\$ 7,413

The principal purpose of interfund transfers was to provide funds for capital outlay.

**NOXUBEE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2013

**Note 6. Capital Assets**

The following is a summary of capital assets activity for the year ended September 30, 2013:

Governmental activities:

	Balance 10/1/12	Additions	Deletions	Adjustment	Balance 9/30/13
<u>Non-depreciable capital assets:</u>					
Land	\$ 279,367	\$ -	\$ -	\$ -	\$ 279,367
Construction in progress	<u>2,954,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,954,907</u>
Total non-depreciable capital assets	<u>\$ 3,234,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,234,274</u>
<u>Depreciable capital assets:</u>					
Infrastructure	\$ 16,684,431	\$ -	\$ -	\$ -	\$ 16,684,431
Buildings	7,758,388	-	-	-	7,758,388
Improvements other than buildings	77,358	-	-	-	77,358
Mobile equipment	2,401,106	112,835	(359,551)	(11,572)	2,142,818
Furniture and equipment	898,632	25,321	(66,133)	3,593	861,413
Property under capital leases	<u>1,772,042</u>	<u>465,500</u>	<u>(249,109)</u>	<u>17,473</u>	<u>2,005,906</u>
Total depreciable capital assets	<u>\$ 29,591,957</u>	<u>\$ 603,656</u>	<u>\$(674,793)</u>	<u>\$ 9,494</u>	<u>\$ 29,530,314</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	\$ 9,008,891	\$ 247,037	\$ -	\$ -	\$ 9,255,928
Buildings	3,905,115	109,647	-	110,154	4,124,916
Improvements other than buildings	27,855	3,095	-	-	30,950
Mobile equipment	1,953,200	73,120	(323,596)	23,185	1,725,909
Furniture and equipment	728,742	25,552	(58,497)	4,357	700,154
Property under capital leases	<u>550,727</u>	<u>201,487</u>	<u>(44,842)</u>	<u>20,972</u>	<u>728,344</u>
Total accumulated depreciation	<u>\$ 16,174,530</u>	<u>\$ 659,938</u>	<u>\$(426,935)</u>	<u>\$ 158,668</u>	<u>\$ 16,566,201</u>
Total depreciable capital assets, net	<u>\$ 13,417,427</u>	<u>\$ (56,282)</u>	<u>\$(247,858)</u>	<u>\$ (149,174)</u>	<u>\$ 12,964,113</u>
Governmental activities capital assets, net	<u>\$ 16,651,701</u>	<u>\$ (56,282)</u>	<u>\$(247,858)</u>	<u>\$ (149,174)</u>	<u>\$ 16,198,387</u>

NOXUBEE COUNTY

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2013

**Note 6. Capital Assets** (continued)

Depreciation expense was charged to the governmental functions as follows:

General government	\$ 125,200
Public safety	31,947
Public works	482,500
Health and welfare	1,066
Education	<u>19,225</u>
Total governmental activities depreciation expense	<u>\$ 659,938</u>

**Note 7. Claims and Judgments**

Risk Financing

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2013 to January 1, 2014. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

**NOXUBEE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2013

**Note 8. Capital Leases**

As Lessee

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2013:

Classes of Property	Governmental Activities
Mobile equipment	\$ 1,949,231
Furniture and equipment	<u>56,675</u>
	\$ 2,005,906
Less: accumulated depreciation	<u>728,344</u>
Leased property under capital leases	<u><u>\$ 1,277,562</u></u>

The following is a schedule by years of the total payments due as of September 30, 2013:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2014	\$ 441,507	\$ 26,147
2015	224,128	15,934
2016	132,831	11,213
2017	393,013	7,855
2018	<u>54,094</u>	<u>1,267</u>
Total	<u><u>\$ 1,245,573</u></u>	<u><u>\$ 62,416</u></u>

**NOXUBEE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2013

**Note 9. Short-term Debt and Liquidity**

The following is a summary of short-term debt activity for the year ended September 30, 2013:

	Balance 10/1/2012	Additions	Reductions	Balance 9/30/2013
Tax Anticipation Note	\$ -	\$ 163,000	\$ (163,000)	\$ -
Total	\$ -	\$ 163,000	\$ (163,000)	\$ -

**Note 10. Long-term Debt**

Debt outstanding as of September 30, 2013, consists of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
<b>Capital leases:</b>			
NW VFD fire truck	\$ 12,785	4.49	03/15
Solid waste 2009 International truck	4,402	3.28	11/13
2011 International 5900 tractor and trailer	51,133	3.27	07/15
Mauldin 1000 gallon distributor	20,429	3.31	08/15
IBM Computer System	21,462	3.36	11/15
2011 International Truck SBAREfuse	77,354	3.24	02/16
1995 International Spray Truck	9,075	2.87	05/14
2012 Caterpillar 12M motor Grader	141,946	1.89	07/17
2012 Caterpillar 12M motor Grader	157,263	1.89	07/17
2012 Caterpillar 12M motor Grader	157,263	1.89	07/17
Case 580N Extendahoe	66,122	1.89	06/17
New Holland Tractor and Boom Mower	33,658	2.36	08/15
Used Mac Dump Truck	40,551	2.81	05/17
2007 Mack Dump Truck	50,000	3.10	02/18
2003 Mack Dump Truck	27,804	2.99	10/15
2011 Case Motor Grader	198,326	2.05	09/14
2012 Case 580SN Extendahoe	88,000	1.98	07/18
2012 Case 580SN Extendahoe	88,000	1.98	07/18
Total capital leases	<u>\$ 1,245,573</u>		
<b>Other loans:</b>			
Capital improvements revolving loan	\$ 10,308	4.00	02/14
Jailhouse interim loan	<u>258,150</u>	**	**
Total other loans	<u>\$ 268,458</u>		

**NOXUBEE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2013

**Note 10. Long-term Debt (continued)**

Annual debt service requirements to maturity for the following debt reported in the statement of net position are as follows:

<u>Year Ending September 30</u>	<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 268,458	\$ 114
2015 & thereafter	-	-
<b>Total</b>	<b>\$ 268,458</b>	<b>\$ 114</b>

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, 2013, \$1,340,713.26 the amount of outstanding debt was equal to less than 1% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended, September 30, 2013:

Governmental activities:	Balance	Additions	Reductions	Balance	Amount due within one year
	10/1/2012			9/30/2013	
Compensated absences	\$ 119,630	\$ -	\$ (48,037)	\$ 71,593	**
Capital leases	1,275,480	465,500	(495,407)	1,245,573	441,507
Other loans	<u>355,914</u>	<u>-</u>	<u>(87,456)</u>	<u>268,458</u>	<u>268,458</u>
<b>Total long-term liabilities</b>	<b>\$ 1,751,024</b>	<b>\$ 465,500</b>	<b>\$ (630,900)</b>	<b>\$ 1,585,624</b>	<b>\$ 709,965</b>

\*\* Due to immateriality, the current portion of compensated absences has not been estimated.

Compensated absences will be paid from the fund from which the employees' salaries were paid which are generally the general fund, county-wide road fund, and the garbage and solid waste fund.

NOXUBEE COUNTY

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2013

**Note 11. Deficit Fund Balances of Individual Funds**

The following funds reported deficits in fund balances at September 30, 2013:

<u>Fund</u>	<u>Deficit Amount</u>
Solid Waste Fund	\$ (191,643)
State Domestic Fund	(67,468)
EECBG Grant Fund	(2,058)
USDA Tower Grant	(1,003)
SAFE	(5,714)
Recreational Trail Fund	(19,224)
Library Elevator Grant Fund	(8,258)
GIS Mapping GTPDD	(20,312)
Noxubee General Hospital Fund	(13,315)
Youth Courth Admin Grant Fund	(2,364)
Tombigee Econ. Dev. Grant	(15,551)
Home Program	(373)
Noxubee Civic Center	(138,963)
Open Air Arena	(7,677)
Sportsplex	(143,819)
Rodeo	(25,000)

**Note 12. Contingencies**

Federal Grants

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

Litigation

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

**NOXUBEE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2013

**Note 12. Contingencies (continued)**

General Obligation Debt Contingencies

The County has issued general obligation bonds to provide funds for constructing and improving capital facilities of the Noxubee County General Hospital. Such debt is being retired from pledged resources of this entity and, therefore, is reported as a liability of that entity. However, because general obligation bonds are backed by the full faith, credit, and taxing power of the County, the County remains contingently liable for its retirement. The principal amount of such debt outstanding at year end is as follows:

<u>Description</u>	<u>Balance at Sept. 30, 2013</u>
General obligation community hospital bond (2009)	<u>\$ 4,081,513</u>

**Note 13. Joint Venture**

The County participates in the following joint venture:

Noxubee County is a participant with the Counties of Choctaw, Clay, Lowndes, Oktibbeha, and Webster, and the Cities of Ackerman, Columbus, Eupora, Louisville, Macon, Starkville, and West Point in a joint venture, authorized by Section 17-17-307, Miss. Code Ann. (1972), to operate the Golden Triangle Regional Solid Waste Management Authority. The joint venture was created to provide a regional disposal site for solid waste. The Noxubee County Board of Supervisors appoints one of the 38 members of the board of directors. The authority is funded by user fees based on the volume of solid waste. Complete financial statements for the Golden Triangle Regional Solid Waste Management Authority can be obtained from P. O. Drawer DN, Mississippi State, MS 39762.

**Note 14. Jointly Governed Organizations**

The County participates in the following jointly governed organizations:

Prairie Opportunity, Inc. operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, and Winston. The Noxubee County Board of Supervisors appoints one of the 21 board members. One board member from each of the counties must come from the private sector (recipient of services), and one member from each County must come from the community. These 14 board members are not appointed by the County Board of Supervisors.

## NOXUBEE COUNTY

### NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2013

#### Note 14. Jointly Governed Organizations (continued)

The counties generally provide no financial support to the organization.

Community Counseling Services operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, and Winston. The Noxubee County Board of Supervisors appoints one of the seven members of the board of commissioners. The County appropriated \$20,900 for support of the agency in fiscal year 2013.

Golden Triangle Planning and Development District provides services for the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, and Winston. The Noxubee County Board of Supervisors appoints four of the 28 members of the board of directors. The County contributes a small percentage of the district's total revenue.

East Mississippi Community College operates in a district composed of the Counties of Clay, Kemper, Lauderdale, Lowndes, Noxubee, and Oktibbeha. The Noxubee County Board of Supervisors appoints two of the twelve members of the college board of trustees. The County appropriated \$236,871 for maintenance and support of the college in fiscal year 2013.

#### Note 15. Defined Benefit Pension Plan

##### Plan Description

The County 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. Benefit provisions are established by state law 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.

##### Funding Policy

At September 30, 2013, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially

**NOXUBEE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2013

**Note 15. Defined Benefit Pension Plan (continued)**

determined rate. The rate at September 30, 2013 was 15.75% of annual covered payroll. The contribution requirements of PERS members 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, 2013, 2012, and 2011 were \$245,849, \$244,803, and \$243,075 respectively, equal to the required contributions for each year.

**Note 16. Subsequent Events**

Events that occur after the statement of net position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management of Noxubee County evaluated the activity of the County through October 21, 2015, 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, 2013, Noxubee 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>
12/13	3.50%	<u>\$ 400,000</u>	Tax Anticipation Note	Ad Valorem Taxes
		<u>\$ 400,000</u>		

**REQUIRED SUPPLEMENTARY INFORMATION**

**NOXUBEE COUNTY**

**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**  
For the Year Ended September 30, 2013

	Budgeted Amounts		Actual	Variances	
	Original	Final	Non-GAAP	Favorable (Unfavorable)	
			Budgetary Basis	Original to Final	Final to Actual
<b>REVENUES</b>					
Property taxes	\$ 3,004,013	\$ 3,004,013	\$ 3,097,733	\$ -	\$ 93,720
Licenses, commissions and other revenue	114,842	114,842	124,997	-	10,155
Fines and forfeitures	98,500	98,500	104,972	-	6,472
Intergovernmental revenues	596,400	596,400	502,876	-	(93,524)
Charges for services	122,700	122,700	143,903	-	21,203
Interest income	29,111	29,111	23,884	-	(5,227)
Miscellaneous revenues	37,400	37,400	64,855	-	27,455
<b>Total revenues</b>	<b>\$ 4,002,966</b>	<b>\$ 4,002,966</b>	<b>\$ 4,063,220</b>	<b>\$ -</b>	<b>\$ 60,254</b>
<b>EXPENDITURES</b>					
Current:					
General government	\$ 2,366,745	\$ 2,366,745	\$ 2,248,672	\$ -	\$ 118,073
Public safety	1,084,815	1,084,815	1,127,502	-	(42,687)
Public works	4,195	4,195	3,852	-	343
Health and welfare	118,859	178,859	211,325	(60,000)	(32,466)
Culture and recreation	60,000	60,000	56,544	-	3,456
Education	174,820	174,820	127,850	-	46,970
Conservation of natural resources	115,405	115,405	112,482	-	2,923
Economic development and assistance	95,147	95,147	83,949	-	11,198
Debt service	-	-	70,614	-	(70,614)
<b>Total expenditures</b>	<b>\$ 4,019,986</b>	<b>\$ 4,079,986</b>	<b>\$ 4,042,790</b>	<b>\$ (60,000)</b>	<b>\$ 37,196</b>
Excess of revenues					
Over (under) expenditures	\$ (17,020)	\$ (77,020)	\$ 20,430	\$ (60,000)	\$ 97,450
Other financing sources (uses)	\$ 35,350	\$ 35,350	\$ 24,003	\$ -	\$ (11,347)
<b>Net change in fund balances</b>	<b>\$ 18,330</b>	<b>\$ (41,670)</b>	<b>\$ 44,433</b>	<b>\$ (60,000)</b>	<b>\$ 86,103</b>
<b>Fund balance - beginning</b>	<b>1,285,184</b>	<b>1,100,085</b>	<b>1,300,714</b>		
<b>Fund balance - ending</b>	<b>\$ 1,303,514</b>	<b>\$ 1,058,415</b>	<b>\$ 1,345,147</b>		

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

## NOXUBEE COUNTY

### NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended September 30, 2013

#### **Note 1. 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 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.

#### **Note 2. 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 supplemental information.

#### **Note 3. Budget/GAAP Reconciliation**

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

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

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

NOXUBEE COUNTY

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended September 30, 2013

Note 3. Budget/GAAP Reconciliation (continued)

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the general fund and each major special revenue fund:

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	
Budget (cash basis)	\$	44,433
Increase (decrease)		
Net adjustments for revenue accruals		(22,964)
Net adjustments for expenditure accruals		<u>-</u>
GAAP Basis	\$	<u>21,469</u>

**SUPPLEMENTAL INFORMATION**

**NOXUBEE COUNTY**

**RECONCILIATION OF OPERATING COSTS OF SOLID WASTE**

For the Year Ended September 30, 2013

**OPERATING EXPENDITURES, CASH BASIS**

Salaries	\$ 279,526
Expendable Commodities:	
Gasoline and petroleum products	98,666
Repair parts	43,356
Postage	7,026
Utilities	5,509
Feeding of prisoners	7,217
Maintenance	27,354
Contractual disposal services	111,109
Insurance and equipment	<u>74,492</u>
Solid Waste Cash Basis Operating Expenditures	\$ 654,255

**FULL COST EXPENSES**

Indirect administrative costs	<u>\$ 6,607</u>
Solid Waste Full Cost Operating Expenses	<u>\$ 660,862</u>

**OTHER INFORMATION**

**NOXUBEE COUNTY**

**SCHEDULE OF SURETY BONDS FOR COUNTY OFFICIALS**

For the Year Ended September 30, 2013

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Larry Tate	Supervisor District 1	Travelers	\$100,000
William Oliver	Supervisor District 2	Western Surety	\$100,000
Sherman Patterson	Supervisor District 3	Western Surety	\$100,000
James Eddie Coleman	Supervisor District 4	Western Surety	\$100,000
Bernard Bruce Brooks	Supervisor District 5	Western Surety	\$100,000
Alshaunta Butler	County Administrator	Western Surety	\$100,000
Mary R. Shelton	Chancery Clerk	Western Surety	\$100,000
Ernestine Pope McCleod	Purchase Clerk	Western Surety	\$75,000
Phynas Williams	Receiving Clerk	Western Surety	\$75,000
Joyce Mayberry	Inventory Control Clerk	Western Surety	\$75,000
Frank Draper	Constable	Western Surety	\$50,000
Lucious Mason	Constable	Western Surety	\$50,000
Freda Denise Phillips	Circuit Clerk	Western Surety	\$100,000
Terry M. Grassaree	Sheriff	Western Surety	\$100,000
Douglass Triplett	Sheriff's Deputy	Western Surety	\$50,000
Tommy Roby	Sheriff's Deputy	Western Surety	\$50,000
Tedrick Liddell	Sheriff's Deputy		*
Dirk T. Dickson	Justice Court Judge	Western Surety	\$50,000
Dorothy A. Stewart	Justice Court Judge	Western Surety	\$50,000
Deanna Sanders	Justice Court Clerk		*
Betty Chandler	Deputy Justice Court Clerk		*
Emmett Mickens	Tax Collector-Assessor	Western Surety	\$100,000
R. L. Calhoun	Coroner	Western Surety	\$25,000

\* - We were not provided the evidence to verify that these bonds exist.

**NOXUBEE COUNTY, MISSISSIPPI**  
**SPECIAL REPORTS**



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

To the Members of the Board of Supervisors  
Noxubee County, Mississippi

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Noxubee County, Mississippi, as of and for the year ended September 30, 2013, which collectively comprise the county's basic financial statements and have issued our report thereon dated October 21, 2015. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the reporting entity that include the financial data for its component units. The report is qualified on the governmental activities and the aggregate remaining fund information because the County did not maintain adequate subsidiary records documenting the accounts receivable of the solid waste user fees or the aging of these accounts receivable and a qualified opinion on the governmental activities and the general fund because the County did not maintain adequate subsidiary records documenting the fines receivable of the Circuit Court or the aging of the fines receivable. In addition, the report is qualified on the governmental activities because the County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets as required by accounting principles generally accepted in the United States of America. Except for the limitations related to the qualified 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Noxubee County, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting.

Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as findings 13-1, 13-2, 13-3, and 13-4 to be material weaknesses.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Noxubee 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit; and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we have reported to the management of Noxubee County, Mississippi in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated October 21, 2015, included within this document.

Noxubee County, Mississippi's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan following the Schedule of Findings and Responses. We did not audit the County's responses and, accordingly, we express no opinion on them.

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

*Rea, Shaw, Giffin & Stuart*

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi  
October 21, 2015



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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)]**

To the Members of the Board of Supervisors  
Noxubee County, Mississippi

We have examined Noxubee 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, 2013. The Board of Supervisors of Noxubee 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 Noxubee 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.

The County did not maintain adequate subsidiary records documenting the existence, completeness, and valuation of capital assets.

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 evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were also considered in forming our opinion on compliance. Our finding and recommendation and your response is disclosed below:

### **Inventory Control Clerk**

#### 1. Finding

In the course of our audit for the year ended September 30, 2013, audit tests of capital assets revealed the following weaknesses:

- a. As reported in prior years' audit reports, we noted certain asset purchases made during the year that were not properly added to the inventory ledgers.
- b. As reported in the prior year's report, certain asset additions were added to the inventory ledgers as beginning balance adjustments rather than current year additions. This causes differences between the inventory ledger totals and the depreciation schedule balances.
- c. As reported in the prior year's report, certain capital assets are not set up to depreciate which contributes to differences in the inventory ledger totals and the depreciation schedule balances.
- d. As reported in the prior year's report, certain asset additions are not properly reflected on the "Items Under Threshold" report which contributes to the differences between the inventory ledgers and the depreciation schedule balances.
- e. Certain assets were identified as having been sold at auction during the year but they were not listed as disposals and removed from the inventory listings.

Therefore, the Independent Auditors' Report on the Governmental Activities financial statements is qualified because we were unable to satisfy ourselves as to the fair presentation of the County's investment in capital assets. The failure to maintain an effective inventory control system could result in the reporting of inaccurate amounts in the financial statements.

#### Recommendation

The Inventory Control Clerk should establish adequate control procedures to maintain accurate inventory records documenting the existence, completeness and valuation of capital assets.

#### Inventory Control Clerk's Response

I will comply with the audit findings and recommendations by establishing adequate control procedures to maintain accurate inventory records documenting the existence of all capital assets.

In our opinion, except as explained in the third paragraph and except for the noncompliance referred to in the preceding paragraph, Noxubee County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements.

The accompanying schedules of (1) purchases not made from the lowest bidder, (2) emergency purchases and (3) purchases made noncompetitively from a sole source are presented in accordance with Section 31-7-115, 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.

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

This report is intended for use in evaluating the central purchasing system and inventory control system of Noxubee County, Mississippi, 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.

*Rea, Shaw, Giffin & Stuart*

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi  
October 21, 2015

**SCHEDULE OF PURCHASES NOT MADE FROM THE LOWEST BIDDER**  
For the Year Ended September 30, 2013

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

**NOXUBEE COUNTY**

Schedule 2

**SCHEDULE OF EMERGENCY PURCHASES**  
For the Year Ended September 30, 2013

Our test results did not identify any emergency purchases.

**SCHEDULE OF PURCHASES MADE NONCOMPETITELY FROM A SOLE SOURCE**  
For the Year Ended September 30, 2013

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



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## LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

To the Members of the Board of Supervisors  
Noxubee County, Mississippi

In planning and performing our audit of the financial statements of Noxubee County, Mississippi for the year ended September 30, 2013, we considered Noxubee County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Noxubee 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 October 21, 2015, on the financial statements of Noxubee County, Mississippi.

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

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

## **Sheriff**

### 1. Finding

Section 19-25-73, Miss. Code Ann. (1972), allows the Sheriff to feed prisoners and limits such costs to \$6.00 per prisoner per day when the Sheriff prepares the meals. The Sheriff exceeded this allowed cost. The actual meal cost per prisoner per day was \$11.78.

### Recommendation

The Sheriff should search for ways to reduce the cost of preparing meals so that the \$6.00 limit will not be exceeded.

### Sheriff's Response

I will try to order as much of the food in bulk orders to see if that will help.

## **Chancery Clerk**

### 2. Finding

State law requires certain elected officials and other employee positions to be bonded at specific statutory amounts and Section 25-1-19, Miss. Code Ann. (1972), states that all bonds shall be filed and recorded in the office of the Clerk of the Chancery Court of the County. In our review of the surety bonds on file for the County we noted several instances where bonds were not maintained at the required amounts and one instance where no bond was on file for one position. The specific exceptions noted are below:

- a. No bond was on file for one deputy sheriff. Section 45-5-9, Miss. Code Ann. (1972), requires a bond of \$50,000.
- b. No bond was on file for the justice court clerk. Section 9-11-29(2), Miss. Code Ann. (1972), requires a bond of \$50,000.
- c. No bond was on file for the deputy justice court clerk. Section 9-11-29(2), Miss. Code Ann. (1972), requires a bond of \$50,000.

### Recommendation

The Chancery Clerk should ensure that all official bonds are recorded in the official bond book as required.

### Chancery Clerk's Response

The corrections have been made.

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

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

*Rea, Shaw, Giffin & Stuart*

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi  
October 21, 2015

**NOXUBEE COUNTY, MISSISSIPPI  
SCHEDULE OF FINDINGS AND RESPONSES**

**NOXUBEE COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES**  
For The Year Ended September 30, 2013

**SECTION I: SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

- |   |               |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements:                           |               |
| Governmental activities   | Qualified     |
| Aggregate discretely presented component units  | Adverse       |
| General Fund  | Qualified     |
| Aggregate remaining fund information  | Qualified     |
| 2. Noncompliance material to the financial statements?                                    | No            |
| 3. Internal control over financial reporting:   |               |
| a. Material weaknesses identified?  | Yes           |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |

## NOXUBEE COUNTY

### SCHEDULE OF FINDINGS AND RESPONSES (continued) For The Year Ended September 30, 2013

#### SECTION II: FINANCIAL STATEMENT FINDINGS

##### Board of Supervisors

##### Material Weakness

###### 13-1 Finding

Generally accepted accounting principles require the financial data for the County's component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. As reported in the prior year's audit report, the financial statements do not include the financial data for the County's legally separate component units. The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.

###### Recommendation

The County should provide the financial data for its discretely presented component units for the inclusion in the County's financial statements.

##### Material Weakness

###### 13-2 Finding

An effective system of internal control over solid waste accounts receivable should include maintaining adequate subsidiary records documenting solid waste accounts receivable and the aging of those receivables. Management did not maintain adequate subsidiary records documenting the accounts receivable of the solid waste user fees and the aging of those receivables. Therefore, the Independent Auditors' Report is qualified on the governmental activities and the aggregate remaining fund information because we were not able to satisfy ourselves as to the fair presentation of the solid waste accounts receivable in the governmental activities and the other governmental funds.

###### Recommendation

Management should establish procedures documenting the accounts receivable records and the aging of the solid waste fees.

NOXUBEE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES (continued)  
For The Year Ended September 30, 2013

Circuit Clerk

Material Weakness

13-3 Finding

An effective system of internal control over fines receivable should include maintaining a detail listing of accounts used in preparing the fines receivable aging schedule. The Circuit Clerk did not properly maintain the listing of the individual accounts used in preparing the accounts receivable aging schedule. Therefore, the Independent Auditors' report is qualified on the governmental activities and the general fund because we were not able to satisfy ourselves as to the fair presentation of the Circuit Court fines receivable in the governmental activities and the general fund.

Recommendation

The Circuit Clerk should establish procedures to ensure that all outstanding fines are included in the aged fines receivable records.

Material Weakness

13-4 Finding

As reported in prior years' audit reports, we noted the following deviations from the prescribed accounting system for Circuit Clerks contained in the *Mississippi County Financial Accounting Manual*:

- a. We were unable to verify the validity of certain material reconciling items on the bank reconciliations.
- b. The clerk filled out the distribution of cash form that is required in order to identify all funds held by the clerk for distribution at year end, but the amounts on the form did not tie to the balances reflected on the bank reconciliations.
- c. We noted that the bank statements are not being reconciled in a timely manner. Reconciliations should be prepared on a monthly basis but it appears the reconciliations are several months behind.
- d. In the past the cash journals have been maintained on a computer spreadsheet but this year we were given handwritten cash journals. These journals are not totaled and carried forward each month so there is no way to check whether or not the cash journals tie to the reconciled bank statements for each account.

**NOXUBEE COUNTY, MISSISSIPPI  
AUDITEE'S CORRECTIVE ACTION PLAN**

# BOARD OF SUPERVISORS

## ~NOXUBEE COUNTY MISSISSIPPI~

Established 1834

Regular Meetings: 1<sup>st</sup> Monday

William Oliver, President

James Eddie Coleman, Vice-President

Larry Tate, District One

Sherman Patterson, District Three

Bruce B Brooks, District Five

P O Box 147

Macon MS 39341

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Mary R. Shelton, Clerk of the Board

Alshaunta K. Butler, Administrator/Comptroller

e-mail: [abutler@gtppd.com](mailto:abutler@gtppd.com)

October 19, 2015

Mississippi State Auditor's Office

P.O. Box 956

Jackson, MS 39205

**Re: Corrective Action Plan for the Year Ending September 30, 2013  
Noxubee County, Mississippi**

Dear Sir or Madame:

The Noxubee County Board of Supervisors respectfully submits the following Corrective Action Plan for the year ended September 30, 2013. The findings from the Schedule of Findings and Questioned Costs are discussed below. Section 1: Summary of Auditor's Results, does not include findings and is not addressed.

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

#### **13-1 Corrective Action Planned:**

We understand that it is a recent requirement by the Governmental Accounting Standards Board, that governmental financial statements should include component units' financial information. However, we do not have the money or resources necessary to include component unit financial data with that of the County's financial statements.

Anticipated Completion Date: undecided

Name of Contact Person Responsible for Corrective Action: William Oliver, Board President

#### **13-2 Corrective Action Planned:**

We understand that an effective system of internal control over solid waste accounts receivables should include maintaining adequate subsidiary records documenting solid waste accounts receivables and the aging of those receivables. We currently perform all of the solid waste billing and collections instead of using Golden Triangle Planning and Development District. This will improve the accuracy of our solid waste records.

Anticipated Completion Date: undecided

Name of Contact Person Responsible for Corrective Action: Alshaunta Lyles, Comptroller

**13-3 Corrective Action Planned:**

We understand that an effective system of internal control over fines receivables should include maintaining a detailed listing of accounts used in preparing the fines receivable aging schedule. The Circuit Clerk has corrected all findings cited and all accounts are current and in compliance.

Anticipated Completion Date: undecided

Name of Contact Person Responsible for Corrective Action: Freda Phillips, Circuit Clerk

**13-4 Corrective Action Planned:**

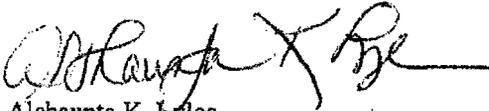
We understand that Circuit Clerks should follow the prescribed accounting system provided in the *Mississippi County Financial Accounting Manual*. The Circuit Clerk will comply with or hire someone to follow the prescribed accounting system manual, maintain accurate detailed computerized records, and reconcile all bank statements in a timely matter.

Anticipated Completion Date: undecided

Name of Contact Person Responsible for Corrective Action: Freda Phillips, Circuit Clerk

If you have any questions or need any additional information, please contact me at (662) 726-6047.

Sincerely,



Alshaunta K. Lyles  
Comptroller

WO/akl

**SCHEDULE OF PURCHASES MADE NONCOMPETITELY FROM A SOLE SOURCE**  
For the Year Ended September 30, 2013

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



REA, SHAW, GIFFIN & STUART, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER  
AMERICAN INSTITUTE  
OF  
CERTIFIED PUBLIC  
ACCOUNTANTS

POST OFFICE BOX 2090  
MERIDIAN MS 39302  
TELEPHONE 601-893-2841  
FAX 601-893-2661

POST OFFICE BOX 662  
WAYNESBORO MS 39387  
TELEPHONE 601-736-2317  
FAX 601-736-0686

POST OFFICE BOX 608  
PHILADELPHIA MS 39360  
TELEPHONE 601-858-2742  
FAX 601-858-2760

MEMBER  
MISSISSIPPI SOCIETY  
OF  
CERTIFIED PUBLIC  
ACCOUNTANTS

## LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

To the Members of the Board of Supervisors  
Noxubee County, Mississippi

In planning and performing our audit of the financial statements of Noxubee County, Mississippi for the year ended September 30, 2013, we considered Noxubee County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Noxubee 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 October 21, 2015, on the financial statements of Noxubee County, Mississippi.

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

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

## Sheriff

### 1. Finding

Section 19-25-73, Miss. Code Ann. (1972), allows the Sheriff to feed prisoners and limits such costs to \$6.00 per prisoner per day when the Sheriff prepares the meals. The Sheriff exceeded this allowed cost. The actual meal cost per prisoner per day was \$11.78.

### Recommendation

The Sheriff should search for ways to reduce the cost of preparing meals so that the \$6.00 limit will not be exceeded.

### Sheriff's Response

I will try to order as much of the food in bulk orders to see if that will help.

## Chancery Clerk

### 2. Finding

State law requires certain elected officials and other employee positions to be bonded at specific statutory amounts and Section 25-1-19, Miss. Code Ann. (1972), states that all bonds shall be filed and recorded in the office of the Clerk of the Chancery Court of the County. In our review of the surety bonds on file for the County we noted several instances where bonds were not maintained at the required amounts and one instance where no bond was on file for one position. The specific exceptions noted are below:

- a. No bond was on file for one deputy sheriff. Section 45-5-9, Miss. Code Ann. (1972), requires a bond of \$50,000.
- b. No bond was on file for the justice court clerk. Section 9-11-29(2), Miss. Code Ann. (1972), requires a bond of \$50,000.
- c. No bond was on file for the deputy justice court clerk. Section 9-11-29(2), Miss. Code Ann. (1972), requires a bond of \$50,000.

### Recommendation

The Chancery Clerk should ensure that all official bonds are recorded in the official bond book as required.

### Chancery Clerk's Response

The corrections have been made.

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

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

*Rea, Shaw, Giffin & Stuart*

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi  
October 21, 2015

**NOXUBEE COUNTY, MISSISSIPPI  
SCHEDULE OF FINDINGS AND RESPONSES**

**NOXUBEE COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended September 30, 2013

**SECTION I: SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

- |   |               |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements:                           |               |
| Governmental activities   | Qualified     |
| Aggregate discretely presented component units  | Adverse       |
| General Fund  | Qualified     |
| Aggregate remaining fund information  | Qualified     |
| 2. Noncompliance material to the financial statements?                                    | No            |
| 3. Internal control over financial reporting:   |               |
| a. Material weaknesses identified?  | Yes           |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |

**NOXUBEE COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES (continued)**  
For The Year Ended September 30, 2013

**SECTION II: FINANCIAL STATEMENT FINDINGS**

**Board of Supervisors**

**Material Weakness**

13-1 Finding

Generally accepted accounting principles require the financial data for the County's component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. As reported in the prior year's audit report, the financial statements do not include the financial data for the County's legally separate component units. The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.

Recommendation

The County should provide the financial data for its discretely presented component units for the inclusion in the County's financial statements.

**Material Weakness**

13-2 Finding

An effective system of internal control over solid waste accounts receivable should include maintaining adequate subsidiary records documenting solid waste accounts receivable and the aging of those receivables. Management did not maintain adequate subsidiary records documenting the accounts receivable of the solid waste user fees and the aging of those receivables. Therefore, the Independent Auditors' Report is qualified on the governmental activities and the aggregate remaining fund information because we were not able to satisfy ourselves as to the fair presentation of the solid waste accounts receivable in the governmental activities and the other governmental funds.

Recommendation

Management should establish procedures documenting the accounts receivable records and the aging of the solid waste fees.

NOXUBEE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES (continued)  
For The Year Ended September 30, 2013

Circuit Clerk

Material Weakness

13-3 Finding

An effective system of internal control over fines receivable should include maintaining a detail listing of accounts used in preparing the fines receivable aging schedule. The Circuit Clerk did not properly maintain the listing of the individual accounts used in preparing the accounts receivable aging schedule. Therefore, the Independent Auditors' report is qualified on the governmental activities and the general fund because we were not able to satisfy ourselves as to the fair presentation of the Circuit Court fines receivable in the governmental activities and the general fund.

Recommendation

The Circuit Clerk should establish procedures to ensure that all outstanding fines are included in the aged fines receivable records.

Material Weakness

13-4 Finding

As reported in prior years' audit reports, we noted the following deviations from the prescribed accounting system for Circuit Clerks contained in the *Mississippi County Financial Accounting Manual*:

- a. We were unable to verify the validity of certain material reconciling items on the bank reconciliations.
- b. The clerk filled out the distribution of cash form that is required in order to identify all funds held by the clerk for distribution at year end, but the amounts on the form did not tie to the balances reflected on the bank reconciliations.
- c. We noted that the bank statements are not being reconciled in a timely manner. Reconciliations should be prepared on a monthly basis but it appears the reconciliations are several months behind.
- d. In the past the cash journals have been maintained on a computer spreadsheet but this year we were given handwritten cash journals. These journals are not totaled and carried forward each month so there is no way to check whether or not the cash journals tie to the reconciled bank statements for each account.

**NOXUBEE COUNTY, MISSISSIPPI  
AUDITEE'S CORRECTIVE ACTION PLAN**

# BOARD OF SUPERVISORS

## ~NOXUBEE COUNTY MISSISSIPPI~

Established 1834  
Regular Meetings: 1<sup>st</sup> Monday  
William Oliver, President  
James Eddie Coleman, Vice-President  
Larry Tate, District One  
Sherman Patterson, District Three  
Bruce B Brooks, District Five

P O Box 147  
Macon MS 39341  
(662) 726-5181  
(662) 726-4216 (fax)  
Mary R. Shelton, Clerk of the Board  
Alshaunta K. Butler, Administrator/Comptroller  
e-mail: [abutler@gtpdd.com](mailto:abutler@gtpdd.com)

October 19, 2015

Mississippi State Auditor's Office  
P.O. Box 956  
Jackson, MS 39205

**Re: Corrective Action Plan for the Year Ending September 30, 2013  
Noxubee County, Mississippi**

Dear Sir or Madame:

The Noxubee County Board of Supervisors respectfully submits the following Corrective Action Plan for the year ended September 30, 2013. The findings from the Schedule of Findings and Questioned Costs are discussed below. Section 1: Summary of Auditor's Results, does not include findings and is not addressed.

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

#### **13-1 Corrective Action Planned:**

We understand that it is a recent requirement by the Governmental Accounting Standards Board, that governmental financial statements should include component units' financial information. However, we do not have the money or resources necessary to include component unit financial data with that of the County's financial statements.

Anticipated Completion Date: undecided

Name of Contact Person Responsible for Corrective Action: William Oliver, Board President

#### **13-2 Corrective Action Planned:**

We understand that an effective system of internal control over solid waste accounts receivables should include maintaining adequate subsidiary records documenting solid waste accounts receivables and the aging of those receivables. We currently perform all of the solid waste billing and collections instead of using Golden Triangle Planning and Development District. This will improve the accuracy of our solid waste records.

Anticipated Completion Date: undecided

Name of Contact Person Responsible for Corrective Action: Alshaunta Lyles, Comptroller

**13-3 Corrective Action Planned:**

We understand that an effective system of internal control over fines receivables should include maintaining a detailed listing of accounts used in preparing the fines receivable aging schedule. The Circuit Clerk has corrected all findings cited and all accounts are current and in compliance.

Anticipated Completion Date: undecided

Name of Contact Person Responsible for Corrective Action: Freda Phillips, Circuit Clerk

**13-4 Corrective Action Planned:**

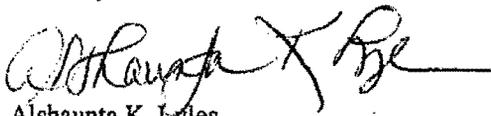
We understand that Circuit Clerks should follow the prescribed accounting system provided in the *Mississippi County Financial Accounting Manual*. The Circuit Clerk will comply with or hire someone to follow the prescribed accounting system manual, maintain accurate detailed computerized records, and reconcile all bank statements in a timely matter.

Anticipated Completion Date: undecided

Name of Contact Person Responsible for Corrective Action: Freda Phillips, Circuit Clerk

If you have any questions or need any additional information, please contact me at (662) 726-6047.

Sincerely,



Alshaunta K. Lyles  
Comptroller

WO/akl