

# NEWTON COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2016

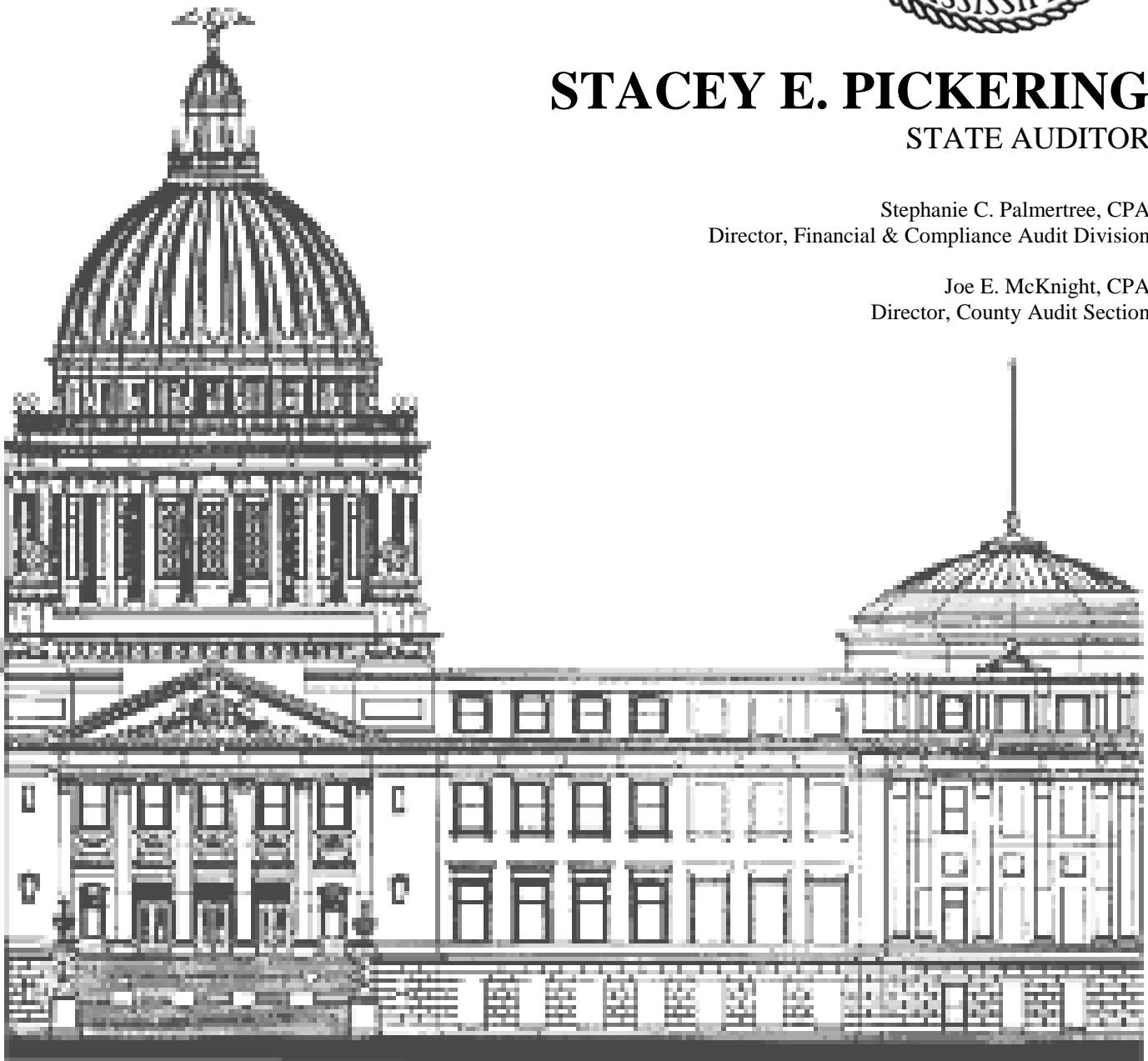


## STACEY E. PICKERING

STATE AUDITOR

Stephanie C. Palmertree, CPA  
Director, Financial & Compliance Audit Division

Joe E. McKnight, CPA  
Director, County Audit Section



A Report from the County Audit Section

[www.osa.state.ms.us](http://www.osa.state.ms.us)









**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

June 27, 2018

Members of the Board of Supervisors  
Newton County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2016 financial and compliance audit report for Newton County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering", written in a cursive style.

Stacey E. Pickering  
State Auditor



NEWTON COUNTY

TABLE OF CONTENTS

FINANCIAL SECTION .....	1
INDEPENDENT AUDITOR’S REPORT .....	3
FINANCIAL STATEMENTS .....	5
Statement of Net Position – Cash Basis.....	7
Statement of Activities – Cash Basis.....	8
Statement of Cash Basis Assets and Fund Balances – Governmental Funds .....	9
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds .....	10
Statement of Net Position – Cash Basis – Proprietary Fund.....	11
Statement of Cash Receipts, Disbursements and Changes in Net Position – Proprietary Fund .....	12
Statement of Fiduciary Assets and Liabilities – Cash Basis .....	13
Notes to Financial Statements .....	15
OTHER INFORMATION .....	23
Budgetary Comparison Schedule – (Budget and Actual (Non-GAAP Basis) - General Fund .....	25
Schedule of Interfund Loans and Advances .....	26
Schedule of Capital Assets .....	27
Schedule of Changes in Long-term Debt.....	28
Schedule of Surety Bonds for County Officials .....	30
Notes to the Other Information.....	33
SPECIAL REPORTS.....	35
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	37
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)).....	39
Limited Internal Control and Compliance Review Management Report .....	47
SCHEDULE OF FINDINGS AND RESPONSES .....	53





NEWTON COUNTY

FINANCIAL SECTION

NEWTON COUNTY

(This page left blank intentionally.)



**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Newton County, Mississippi

**Report on the Financial Statements**

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Newton County, Mississippi, (the County) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements 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 the cash basis of accounting, as described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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

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

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

### ***Unmodified Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Newton County, Mississippi, as of September 30, 2016, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

### ***Basis of Accounting***

We draw attention to Note 1 of the financial statements which describes that Newton County, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Report on Supplementary and Other Information***

The Budgetary Comparison Schedule, Schedule of Interfund Loans and Advances, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2018 on our consideration of Newton 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Newton County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 27, 2018

NEWTON COUNTY

FINANCIAL STATEMENTS

NEWTON COUNTY

(This page left blank intentionally.)

NEWTON COUNTY  
 Statement of Net Position - Cash Basis  
 September 30, 2016

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 4,091,998	149,217	4,241,215
Total Assets	<u>4,091,998</u>	<u>149,217</u>	<u>4,241,215</u>
NET POSITION			
Restricted:			
Expendable:			
General government	224,379		224,379
Public safety	261,138		261,138
Public works	957,806	149,217	1,107,023
Culture and recreation	25,161		25,161
Debt service	198,191		198,191
Unrestricted	<u>2,425,323</u>		<u>2,425,323</u>
Total Net Position	<u>\$ 4,091,998</u>	<u>149,217</u>	<u>4,241,215</u>

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

NEWTON COUNTY  
Statement of Activities - Cash Basis  
For the Year Ended September 30, 2016

Exhibit 2

Functions/Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,888,375	363,121	6,007		(2,519,247)		(2,519,247)
Public safety	2,634,576	443,831	147,589	13,176	(2,029,980)		(2,029,980)
Public works	2,698,965		858,637	45,317	(1,795,011)		(1,795,011)
Health and welfare	95,494		19,725		(75,769)		(75,769)
Culture and recreation	78,298				(78,298)		(78,298)
Education	284,811				(284,811)		(284,811)
Conservation of natural resources	162,652				(162,652)		(162,652)
Economic development and assistance	43,489				(43,489)		(43,489)
Debt service:							
Principal	965,938				(965,938)		(965,938)
Interest	79,879				(79,879)		(79,879)
Total Governmental Activities	9,932,477	806,952	1,031,958	58,493	(8,035,074)	0	(8,035,074)
Business-type activities:							
Solid waste	824,196	783,207				(40,989)	(40,989)
Total Business-type Activities	824,196	783,207	0	0		(40,989)	(40,989)
Total Primary Government	\$ 10,756,673	1,590,159	1,031,958	58,493	(8,035,074)	(40,989)	(8,076,063)
General receipts:							
Property taxes					\$ 6,105,687		6,105,687
Road & bridge privilege taxes					256,463		256,463
Grants and contributions not restricted to specific programs					728,208	23,169	751,377
Unrestricted gifts and donations					100		100
Unrestricted interest income					15,139	646	15,785
Miscellaneous					351,634		351,634
Proceeds from debt issuance					507,506		507,506
Sale of county property					407,683	11,485	419,168
Compensation for loss of county property					30,697		30,697
Total General Receipts and Other Cash Sources					8,403,117	35,300	8,438,417
Changes in Net Position					368,043	(5,689)	362,354
Net Position - Beginning					3,723,955	154,906	3,878,861
Net Position - Ending					\$ 4,091,998	149,217	4,241,215

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



NEWTON COUNTY  
 Statement of Cash Basis Assets and Fund Balances  
 Governmental Funds  
 September 30, 2016

Exhibit 3

	<u>Major Fund</u>		
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash	\$ 2,703,347	1,388,651	4,091,998
Total Assets	<u>\$ 2,703,347</u>	<u>1,388,651</u>	<u>4,091,998</u>
<b>FUND BALANCES</b>			
Restricted for:			
General government	\$ 113,450	110,929	224,379
Public safety	164,574	96,564	261,138
Public works		957,806	957,806
Culture and recreation		25,161	25,161
Debt service		198,191	198,191
Unassigned	2,425,323		2,425,323
Total Fund Balances	<u>\$ 2,703,347</u>	<u>1,388,651</u>	<u>4,091,998</u>

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

NEWTON COUNTY

Exhibit 4

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -  
Governmental Funds  
For the Year Ended September 30, 2016

	Major Fund	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
RECEIPTS			
Property taxes	\$ 3,858,190	2,247,497	6,105,687
Road and bridge privilege taxes		256,463	256,463
Licenses, commissions and other receipts	145,930	6,053	151,983
Fines and forfeitures	396,279		396,279
Intergovernmental receipts	1,124,289	694,470	1,818,759
Charges for services	258,690		258,690
Interest income	11,274	3,865	15,139
Miscellaneous receipts	234,303	117,331	351,634
Total Receipts	<u>6,028,955</u>	<u>3,325,679</u>	<u>9,354,634</u>
DISBURSEMENTS			
General government	2,888,375		2,888,375
Public safety	2,207,138	427,438	2,634,576
Public works	300	2,698,665	2,698,965
Health and welfare	95,494		95,494
Culture and recreation	70,000	8,298	78,298
Education	284,811		284,811
Conservation of natural resources	162,652		162,652
Economic development and assistance	43,489		43,489
Debt service:			
Principal	138,940	826,998	965,938
Interest	7,698	72,181	79,879
Total Disbursements	<u>5,898,897</u>	<u>4,033,580</u>	<u>9,932,477</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>130,058</u>	<u>(707,901)</u>	<u>(577,843)</u>
OTHER CASH SOURCES (USES)			
Proceeds from long-term debt issuance	34,810	472,696	507,506
Sale of county property	12,965	394,718	407,683
Compensation for loss of county property	30,697		30,697
Transfers in	211,547		211,547
Transfers out		(211,547)	(211,547)
Total Other Cash Sources and Uses	<u>290,019</u>	<u>655,867</u>	<u>945,886</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>420,077</u>	<u>(52,034)</u>	<u>368,043</u>
Cash Basis Fund Balances - Beginning	<u>2,283,270</u>	<u>1,440,685</u>	<u>3,723,955</u>
Cash Basis Fund Balances - Ending	<u>\$ 2,703,347</u>	<u>1,388,651</u>	<u>4,091,998</u>

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

NEWTON COUNTY  
 Statement of Net Position - Cash Basis - Proprietary Fund  
 September 30, 2016

Exhibit 5

		Business-type Activities - Enterprise Fund
		<u>                    </u>
		Solid Waste Services Fund
		<u>                    </u>
ASSETS		
Cash	\$	<u>149,217</u>
Total Assets		<u><u>149,217</u></u>
NET POSITION		
Restricted for:		
Public works		<u>149,217</u>
Total Net Position	\$	<u><u>149,217</u></u>

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

NEWTON COUNTY

Exhibit 6

Statement of Cash Receipts, Disbursements and Changes in Net Position - Proprietary  
For the Year Ended September 30, 2016

	Business-type Activities - Enterprise Fund
	<u>Solid Waste Services Fund</u>
Operating Receipts	
Charges for services	\$ 783,207
Miscellaneous	11,485
Total Operating Receipts	<u>794,692</u>
Operating Disbursements	
Personal services	484,440
Contractual services	73,629
Materials and supplies	190,187
Indirect administrative cost	23,783
Total Operating Disbursements	<u>772,039</u>
Operating Income (Loss)	<u>22,653</u>
Nonoperating Receipts (Disbursements)	
Interest income	646
Intergovernmental grants	23,169
Principal paid	(48,255)
Interest expense	(3,902)
Net Nonoperating Receipts (Disbursements)	<u>(28,342)</u>
Changes in Net Position	(5,689)
Net Position - Beginning	<u>154,906</u>
Net Position - Ending	<u>\$ 149,217</u>

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

NEWTON COUNTY  
 Statement of Fiduciary Assets and Liabilities - Cash Basis  
 September 30, 2016

Exhibit 7

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>59,179</u>
Total Assets	\$ <u><u>59,179</u></u>
LIABILITIES	
Amounts held in custody for others	\$ <u>59,179</u>
Total Liabilities	\$ <u><u>59,179</u></u>

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

NEWTON COUNTY

(This page left blank intentionally.)

## NEWTON COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2016

#### (1) Summary of Significant Accounting Policies.

##### A. Financial Reporting Entity.

Newton County, Mississippi (the County), is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. The financial statements of the County are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. These accounting principles require Newton County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

There are no outside organizations that should be included as component units of the County's reporting entity.

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

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

##### B. Basis of Presentation.

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

##### Government-wide Financial Statements:

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis 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 receipts and other nonexchange receipts and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

The Statement of Net Position – Cash Basis presents the financial condition of the governmental activities and business-type activities of the County at year-end. The Government-wide Statement of Activities – Cash Basis presents a comparison between direct disbursements and program receipts for each function or program of the County's governmental activities and business-type activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program receipts 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 receipts not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general receipts of the County.

## NEWTON COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2016

#### 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, fund balances, receipts and disbursements. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

#### C. Measurement Focus and Basis of Accounting.

The Government-wide, Governmental Funds, Proprietary Fund and Fiduciary Funds financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

The County reports the following major Governmental Fund:

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

The County reports the following major Enterprise Fund:

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

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

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

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

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

#### PROPRIETARY FUND TYPE

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



## NEWTON COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2016

#### FIDUCIARY FUND TYPE

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.

D. Account Classifications.

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

E. Deposits.

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

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

F. Equity Classifications.

Government-wide Financial Statements:

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

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."

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

## NEWTON COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2016

*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 disbursements paid for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

#### Fund Balance Flow Assumption:

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

#### G. Property Tax Receipts.

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. All property taxes are recognized as receipts when collected.

#### (2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2016, was \$4,300,394 and the bank balance was \$4,592,439. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

# NEWTON COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2016

### (3) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2016:

Transfers In/Out:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 211,547
Total		\$ 211,547

The principal purpose of the interfund transfer was to transfer the one mil levy to the general fund.

### (4) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2016:

Fund	Deficit Amount
County Ambulance Grant Fund	\$ 5,846
Countywide Road and Bridge Fund	19,033
District 4 Road Fund	10,959

### (5) 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, 2016, to January 1, 2017. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

### (6) 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 disbursements of resources for allowable purposes. The County may be responsible for any disallowances.

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.

## NEWTON COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2016

#### (7) Joint Venture.

The County participates in the following joint venture:

Newton County is a participant with Kemper County in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the Kemper-Newton Regional Library System. The joint venture was created to provide free public library service to the citizens of the respective counties. The Newton County Board of Supervisors alternately appoints two or three of the five members of the board of directors. By contractual agreement, the County's contribution to the joint venture was \$70,000 in fiscal year 2016. Complete financial statements for the Kemper-Newton Regional Library System can be obtained from 101 Peachtree Street, Union, MS 39365.

#### (8) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Mid-Mississippi Development District operates in a district composed of the counties of Clarke, Jasper, Lauderdale, Newton, Scott, and Smith. The district was organized to foster, encourage, and facilitate economic development in the member counties. The district's board of trustees is composed of 30 members, five each from the six-member counties. The County contributed \$30,300 for support of the district in fiscal year 2016.

East Central Mississippi Planning and Development District operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Newton County Board of Supervisors appoints one of the 15 members of the board of directors. The County contributed \$13,189 for support of the district in fiscal year 2016.

Region Ten Mental Health-Mental Retardation Commission operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Newton County Board of Supervisors appoints one of the nine members of the board of commissioners. The County contributed \$29,500 for support of the commission in fiscal year 2016.

The Multi-County Community Service Agency operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Newton and Wayne. The entity was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Newton County Board of Supervisors appoints one of the 24 members of the board of directors. Most of the funding for the entity is derived from federal funds. Each County provides a modest amount of financial support when matching funds are required for federal grants. The County contributed \$6,000 for support of the agency in the fiscal year 2016.

East Central Community College operates in a district composed of the counties of Leake, Neshoba, Newton, Scott and Winston. The Newton County Board of Supervisors appoints one of the 30 members of the college board of trustees. The County contributed \$429,121 for maintenance and support of the college in fiscal year 2016.

#### (9) Defined Benefit Pension Plan.

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

NEWTON COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2016

Funding Policy. At September 30, 2016, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2016 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, 2016, 2015 and 2014 were \$495,494, \$454,480 and \$423,578, respectively, equal to the required contributions for each year.

NEWTON COUNTY

(This page left blank intentionally.)

## NEWTON COUNTY

## OTHER INFORMATION

NEWTON COUNTY

(This page left blank intentionally.)



NEWTON COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2016  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Property taxes	\$ 3,628,640	3,859,793	3,858,190	(1,603)
Licenses, commissions and other receipts	155,550	153,205	145,930	(7,275)
Fines and forfeitures	245,000	232,667	396,279	163,612
Intergovernmental receipts	869,152	1,248,932	1,124,289	(124,643)
Charges for services	264,500	32,412	258,690	226,278
Interest income	7,303	11,272	11,274	2
Miscellaneous receipts	300,075	410,601	234,303	(176,298)
Total Receipts	<u>5,470,220</u>	<u>5,948,882</u>	<u>6,028,955</u>	<u>80,073</u>
<b>DISBURSEMENTS</b>				
Current:				
General government	3,024,022	3,080,550	2,888,375	192,175
Public safety	2,012,745	2,096,477	2,207,138	(110,661)
Public works	300	300	300	
Health and welfare	112,065	95,494	95,494	
Culture and recreation	70,000	70,000	70,000	
Education	280,880	284,811	284,811	
Conservation of natural resources	159,100	162,652	162,652	
Economic development and assistance	43,989	43,989	43,489	500
Debt service:				
Principal	168,302	139,241	139,952	(711)
Interest	7,227	6,686	6,686	
Total Disbursements	<u>5,878,630</u>	<u>5,980,200</u>	<u>5,898,897</u>	<u>81,303</u>
Excess of Receipts over (under) Disbursements	<u>(408,410)</u>	<u>(31,318)</u>	<u>130,058</u>	<u>161,376</u>
<b>OTHER CASH SOURCES (USES)</b>				
Proceeds from debt			34,810	34,810
Sale of county property	3,500	12,965	12,965	
Compensation for loss of county property	2,500	30,697	30,697	
Transfers in	402,410	498,709	211,547	(287,162)
Transfers out		(232,094)		232,094
Total Other Cash Sources and Uses	<u>408,410</u>	<u>310,277</u>	<u>290,019</u>	<u>(20,258)</u>
Net Change in Fund Balance	0	278,959	420,077	141,118
Fund Balances - Beginning	<u>1,715,695</u>	<u>538,689</u>	<u>2,283,270</u>	<u>1,744,581</u>
Fund Balances - Ending	<u>\$ 1,715,695</u>	<u>817,648</u>	<u>2,703,347</u>	<u>1,885,699</u>

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

NEWTON COUNTY  
 Schedule of Interfund Loans and Advances  
 For the Year Ended September 30, 2016  
 UNAUDITED

The following is a summary of interfund balances at September 30, 2016:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at Sept. 30, 2016
General Fund	Solid Waste Services Fund	\$ 25,198
Total		\$ 25,198

The receivables represent an error in posting receipts during the year, solid waste indirect costs, and to provide funds for bond payments. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at Sept. 30, 2016
General Fund	Other Governmental Funds	\$ 284,916
Total		\$ 284,916

Advances were made to provide funds for bond payments and also for operating purposes.

NEWTON COUNTY  
 Schedule of Capital Assets  
 For the Year Ended September 30, 2016  
 UNAUDITED

**Governmental activities:**

	Balance Oct. 1, 2015	Additions	Deletions	Adjustments *	Balance Sept. 30, 2016
Land	\$ 249,498				249,498
Infrastructure	1,153,854				1,153,854
Buildings	5,097,590				5,097,590
Mobile equipment	5,927,605	67,850	486,123	455,920	5,965,252
Furniture and equipment	922,190	129,776	77,727	233,204	1,207,443
Leased property under capital leases	2,584,312	442,862		(811,154)	2,216,020
Total capital assets	\$ 15,935,049	640,488	563,850	(122,030)	15,889,657

**Business-type activities:**

	Balance Oct. 1, 2015	Additions	Deletions	Adjustments *	Balance Sept. 30, 2016
Land	\$ 102,005				102,005
Buildings	49,995				49,995
Mobile equipment	862,333		120,220		742,113
Furniture and equipment	149,412		55,626	19,753	113,539
Leased property under capital leases	334,658			(24,500)	310,158
Total capital assets	\$ 1,498,403	0	175,846	(4,747)	1,317,810

\*Adjustments were to reclassify paid-off capital leases to mobile equipment and furniture and equipment, as well as adjustments to correct prior year capital asset balances.

NEWTON COUNTY  
Schedule of Changes in Long-term Debt  
For the Year Ended September 30, 2016  
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2016:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2015	Issued	Principal Payments	Balance Sept. 30, 2016
<b>Governmental Activities:</b>							
A. General Obligation Bonds:							
District 4 Road & Bridge Bond 2012	10/2012	10/2027	1.90/2.70%	\$ 513,000	\$		513,000
G.O. Refunding Bond	03/2012	11/2021	2.43%	1,165,000		150,000	1,015,000
District 4 Road & Bridge Bond 2009	11/2008	10/2023	3.80%	316,000			316,000
District 1 Road & Bridge Bond 2009	11/2009	11/2025	3.90%	295,000		25,000	270,000
							-
B. Capital Leases:							
911 Equipment	02/2013	03/2016	1.49%	19,504		19,504	-
911 Antenna	02/2013	02/2016	1.80%	3,000		3,000	-
2012 Chevy Tahoe	11/2012	11/2015	1.74%	399		399	-
2012 Dodge Ram 1500	11/2012	11/2015	1.71%	1,548		1,548	-
2014 Dodge Charger	02/2014	03/2017	1.95%	14,019		9,301	4,718
2014 Dodge Charger	03/2014	03/2017	2.00%	14,012		9,294	4,718
Samsung AC/Heater	11/2014	10/2019	1.94%	265,938		63,195	202,743
2015 Chevy Tahoe	03/2015	03/2018	1.84%	24,254		9,568	14,686
2015 Chevy Tahoe	03/2015	03/2018	1.84%	24,254		9,568	14,686
2015 Ford F250	03/2015	04/2020	1.94%	28,387		5,980	22,407
2016 Chevy Tahoe	01/2016	01/2019	1.64%		34,810	7,583	27,227
2015 Ambulance	10/2015	10/2020	1.85%		98,854	17,416	81,438
Fire Truck	02/2013	03/2019	1.49%	90,288		25,315	64,973
Fire Truck	01/2016	01/2020	1.89%		229,228	21,194	208,034
District 1 Cat 12h motor grader	02/2013	03/2017	1.49%	25,965		17,245	8,720
District 1 Cat 420f backhoe	08/2013	09/2018	2.09%	70,399		4,067	66,332
District 1 Kubota tractor	08/2013	08/2018	1.99%	23,938		8,050	15,888
District 2 Pothole patcher	06/2015	06/2018	1.79%	44,924		16,081	28,843
District 3 Cat 12h motor grader	02/2013	03/2017	1.49%	25,965		17,245	8,720
District 3 Cat 320 DL excavator	02/2013	03/2018	1.49%	46,691		18,467	28,224
District 3 Cat 420f backhoe	08/2013	09/2016	1.89%	68,910		68,910	-
District 3 John Deere tractor	03/2015	03/2020	1.92%	98,605		21,177	77,428
District 3 Cat 420f backhoe	08/2016	08/2019	1.79%		64,644	1,775	62,869
District 4 Cat 12h motor grader	02/2013	03/2017	1.49%	29,669		19,705	9,964
District 4 2007 Mack Dump truck	02/2013	03/2017	1.49%	16,683		11,080	5,603
District 4 2007 Mack Dump truck	03/2013	03/2017	1.49%	16,384		10,880	5,504
District 4 Cat 420f backhoe	08/2013	09/2018	2.09%	70,399		4,067	66,332
District 4 John Deere 6150M tractor	07/2014	07/2019	1.94%	90,605		90,605	-
District 4 Pothole patcher w/ tank	05/2015	05/2017	1.60%	25,019		25,019	-
District 5 Cat 420f backhoe	06/2013	07/2016	1.49%	11,891		11,891	-
District 5 Cat 12 M3 motor grader	09/2014	09/2019	1.98%	217,362		217,362	-
District 5 John Deere tractor	03/2015	04/2020	1.94%	100,342		21,139	79,203
District 5 motor grader	08/2016	08/2018	1.70%		79,970	3,308	76,662
Total				\$ 3,758,354	507,506	965,938	3,299,922

NEWTON COUNTY  
 Schedule of Changes in Long-term Debt  
 For the Year Ended September 30, 2016  
 UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2016:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2015	Issued	Principal Payments	Balance Sept. 30, 2016
<b>Business-type Activities:</b>							
A. Capital Leases:							
New scale system	09/2012	10/2015	1.77%	\$ 697		697	-
2015 Freightliner garbage truck	02/2015	02/2020	1.94%	112,748		24,689	88,059
Cat D6K LC HD dozer	06/2015	06/2020	1.89%	112,578		22,869	89,709
Total				\$ 226,023	-	48,255	177,768

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

NEWTON COUNTY  
 Schedule of Surety Bonds for County Officials  
 For the Year Ended September 30, 2016  
 UNAUDITED

Name	Position	Company	Bond
Kenneth Harris	Supervisor District 1	Travelers Casualty & Surety of America	\$100,000
Joe Alexander	Supervisor District 2	Travelers Casualty & Surety of America	\$100,000
Charles Moulds	Supervisor District 3	Travelers Casualty & Surety of America	\$100,000
Luther M. (Bubba) Bonds	Supervisor District 4	Brierfield Insurance Company	\$100,000
Charles Godwin	Supervisor District 4	State Farm Fire and Casualty Company	\$100,000
Jimmy Johnson	Supervisor District 5	Travelers Casualty & Surety of America	\$100,000
Glenn Hollingsworth, Jr.	Supervisor District 5	Travelers Casualty & Surety of America	\$100,000
Steve Seale	County Administrator	Travelers Casualty & Surety of America	\$100,000
George Hayes	Chancery Clerk	Travelers Casualty & Surety of America	\$100,000
Stephanie McMullan	Purchase Clerk	Travelers Casualty & Surety of America	\$75,000
Pam Upton	Assistant Purchase Clerk	Travelers Casualty & Surety of America	\$50,000
Deborah Parker	Receiving Clerk	Travelers Casualty & Surety of America	\$75,000
Chrissie Buffington	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Delora Davis	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Gina Brand	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Donna Hutchins	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Lolita Jordan	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Charles Chaney	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Lee Anne McGee	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Willie Earl Curry	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Stacey Griffin	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Alton Neese	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
John Logan	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Thelma Evans	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Austin Kelly	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Latoya L. Brown	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Ashley Hasenmueller	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Kaltino Caples	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Wayne Loper	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
George Hayes	Inventory Control Clerk	Travelers Casualty & Surety of America	\$75,000
Steve Seale	Inventory Control Clerk	Travelers Casualty & Surety of America	\$75,000
Mark Spence	Constable	Travelers Casualty & Surety of America	\$50,000
William D. Collins	Constable	Travelers Casualty & Surety of America	\$50,000
Michael Butler	Circuit Clerk	Travelers Casualty & Surety of America	\$100,000
Donna Hutchins	Deputy Circuit Clerk	Travelers Casualty & Surety of America	\$50,000
Jackie Knight	Sheriff	Travelers Casualty & Surety of America	\$100,000
Matthew Lott	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Oscar Greg Morgan	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Cecil Gressett	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Benjamin Kelly	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Peter Pierman	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000

NEWTON COUNTY  
 Schedule of Surety Bonds for County Officials  
 For the Year Ended September 30, 2016  
 UNAUDITED

Name	Position	Company	Bond
Jeremy Pinson	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Kris Edward Hollingsworth	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Randy L. Patrick	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Joedy Pennington	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Toby Pinson	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Freddie Gentry	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Luke Castillo	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Ryan Myers	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Terry Thames	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Matt Addikson	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Sammy Stevens	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Mark A. Spence	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Jan Addy	Justice Court Judge	Travelers Casualty & Surety of America	\$50,000
Mark McDonald	Justice Court Judge	Travelers Casualty & Surety of America	\$50,000
Scott Round	Justice Court Judge	Travelers Casualty & Surety of America	\$50,000
Sue Graham	Justice Court Clerk	Travelers Casualty & Surety of America	\$50,000
Lolita Jordan	Deputy Justice Court Clerk	Travelers Casualty & Surety of America	\$50,000
May Bender	Tax Assessor-Collector	Travelers Casualty & Surety of America	\$100,000
Debra Comans	Deputy Tax Collector	Travelers Casualty & Surety of America	\$50,000
Gina Brand	Deputy Tax Collector	Travelers Casualty & Surety of America	\$50,000
Joyce Amos	Deputy Tax Collector	Travelers Casualty & Surety of America	\$50,000
Iva Smith	Deputy Tax Collector	Travelers Casualty & Surety of America	\$50,000
Joyce Amos	Deputy Tax Assessor	Travelers Casualty & Surety of America	\$10,000

NEWTON COUNTY

(This page left blank intentionally.)



# NEWTON COUNTY

## Notes to the Other Information For the Year Ended September 30, 2016

### UNAUDITED

(1) Budgetary Comparison Information.

A. Budgetary Information.

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

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

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund.

(2) Long-term Debt Information:

A. 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, 2016, the amount of outstanding debt was equal to 1.71% of the latest property assessments.

B. Subsequent Events.

Subsequent to September 30, 2016, the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>		<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/25/2016	1.89%	\$	27,641	Capital Lease	Ad valorem taxes
01/24/2017	2.49%		21,165	Capital Lease	Ad valorem taxes
02/15/2017	2.59%		21,943	Capital Lease	Ad valorem taxes
06/28/2017	2.89%		82,352	Capital Lease	Ad valorem taxes
09/20/2017	2.32%		69,950	Capital Lease	Ad valorem taxes
11/19/2017	2.58%		27,248	Capital Lease	Ad valorem taxes

NEWTON COUNTY

(This page left blank intentionally.)

## NEWTON COUNTY

## SPECIAL REPORTS

NEWTON COUNTY

(This page left blank intentionally.)



**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

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

Members of the Board of Supervisors  
Newton County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Newton County, Mississippi (the County), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 27, 2018.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2016-001, 2016-002 and 2016-003 that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Newton County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2016-001 and 2016-002.

We also noted certain matters which we have reported to the management of Newton 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 June 27, 2018, included within this document.

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

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

### **Purpose of this Report**

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

A handwritten signature in black ink, reading "Joe E. McKnight". The signature is fluid and cursive, with the first name "Joe" and last name "McKnight" clearly legible.

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 27, 2018



**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

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

Members of the Board of Supervisors  
Newton County, Mississippi

We have examined Newton 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, 2016. The Board of Supervisors of Newton County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

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

**Purchase Clerk.**

1. Two competitive bids should be obtained as required by statute.

**Repeat Finding** Yes

**Criteria** Section 31-7-13(b), Miss. Code Ann. (1972), states that at least two (2) competitive written bids must be obtained for purchases which involve an expenditure of more than \$5,000 but not more than \$50,000, exclusive of freight and shipping charges.

**Condition** As reported in the prior year's audit report, our audit procedures indicated that two written competitive bids were not documented for the purchase of a capital asset in excess of \$5,000.

**Cause** Unknown

<b>Effect</b>	Failure to obtain and document written competitive bids could result in excess costs to the County.
<b>Recommendation</b>	The Purchase Clerk should ensure that at least two written bids are obtained prior to making any purchase more than \$5,000 but not more than \$50,000 as required by law.
<b>Views of Responsible Official</b>	We have made corrections and will continue to follow purchase laws.
<b>2.</b>	<u>Purchase Clerk and Assistant Purchase Clerk should be bonded as required by state statute.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	Section 31-7-124, Miss. Code Ann. (1972), requires the Purchase Clerk to execute a bond in a penalty equal to \$75,000, and the Assistant Purchase Clerks to execute a bond in a penalty not less than \$50,000, to be payable, conditioned and approved as provided by law. Also, 25-1-15, Miss. Code Ann. (1972), requires the given individual bond coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.
<b>Condition</b>	The Purchase Clerk and Assistant Purchase Clerk have bonds that were written as an "indefinite" and were not adequately bonded for the fiscal year 2016.
<b>Cause</b>	Unknown
<b>Effect</b>	Failure to comply with the statutes would limit the amount available for recovery if a loss occurred over multiple terms.
<b>Recommendation</b>	The County should implement additional procedures to ensure the Purchase Clerk and Assistant Purchase Clerk are bonded as required by state statute.
<b>Views of Responsible Officials'</b>	We will purchase new bonds that will expire on 1/6/2020.
<b>Receiving Clerk.</b>	
<b>3.</b>	<u>Receiving reports should be submitted timely.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	Section 31-7-109, Miss. Code Ann. (1972), requires the Receiving Clerk to acknowledge receipt of goods in compliance with the receipting system prescribed by the Office of the State Auditor under the authority of Section 7-7-211 and in accordance with Section 31-7-113. This system requires the Receiving Clerk or the assistant who received the goods to prepare a receiving report and deliver the report to the Purchase Clerk no later than noon on the third regular business day after receipt of the commodities.
<b>Condition</b>	As reported in the prior year's audit report, during our audit, we noted receiving reports that were dated more than 3 days after receipt with multiple deliveries made per purchase order with only one receiving report completed.
<b>Cause</b>	Unknown
<b>Effect</b>	This could result in the misappropriation of goods received and excess costs to the County.
<b>Recommendation</b>	The Receiving Clerk or an assistant who actually receives the goods should properly prepare the receiving report at the time of receipt and ensure it is delivered to the Purchase Clerk no later than noon on the third regular business day after receipt.
<b>Views of Responsible</b>	This has been corrected. We will follow the purchasing laws.
<b>4.</b>	<u>Receiving Clerk and Assistant Receiving Clerks should be bonded as required by state statute.</u>



<b>Repeat Finding</b>	No
<b>Criteria</b>	Section 31-7-124, Miss. Code Ann. (1972), requires the Receiving Clerk to execute a bond in a penalty equal to \$75,000, and the Assistant Receiving Clerks to execute a bond in a penalty not less than \$50,000, to be payable, conditioned and approved as provided by law. Also, 25-1-15, Miss. Code Ann. (1972), requires the given individual bond coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.
<b>Condition</b>	The Receiving Clerk and Assistant Receiving Clerks have bonds that were written as an “indefinite” and were not adequately bonded for the fiscal year 2016.
<b>Cause</b>	Unknown
<b>Effect</b>	Failure to comply with the statutes would limit the amount available for recovery if a loss occurred over multiple terms.
<b>Recommendation</b>	The County should implement additional procedures to ensure the Receiving Clerk and Assistant Receiving Clerks are bonded as required by state statute.
<b>Views of Responsible Officials’</b>	We will purchase new bonds that will expire on 1/6/2020.
<b>Official</b>	
<b>Inventory Clerk.</b>	
<b>5.</b>	<u>Inventory reports should be filed with the Office of the State Auditor each fiscal year.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	Section 31-7-107, Miss. Code Ann. (1972), requires inventory reports to be filed with the Board of Supervisors, in triplicate with copies forwarded to the Office of the State Auditor no later than October 15th of each fiscal year.
<b>Condition</b>	As reported in the prior year’s audit report, the required inventory reports prepared by the Inventory Control Clerk were not filed timely with the Office of the State Auditor for fiscal year 2016 until January 31, 2017.
<b>Cause</b>	Unknown
<b>Effect</b>	Failure to submit the annual reports timely increases the possibility of the loss or misappropriation of public funds and could result in the reporting of inaccurate amounts.
<b>Recommendation</b>	The Inventory Control Clerk should prepare inventory reports and file with the Board of Supervisors and forward copies to the Office of the State Auditor no later than October 15th of each fiscal year.
<b>Views of Responsible Official</b>	I was appointed the new inventory clerk as of 1/3/17. I am working to correct all problems and will work with the OSA to ensure capital assets are accounted for properly.

**Inventory Clerk.**

**6.** Controls over capital assets should be strengthened.

**Repeat Finding** Yes

**Criteria** An effective system of internal control over capital assets ensures that capital assets are reported in the correct categories at the correct amounts.

**Condition** As reported in the prior seven years' audit reports, weak internal controls existed over capital assets. We noted that the beginning balances on the capital asset listing provided by the Inventory Control Clerk for Governmental Activities did not agree to the prior year ending amounts included in the audit report.

**Cause** Unknown

**Effect** The failure to maintain an effective inventory control system could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.

**Recommendation** The Inventory Control Clerk should ensure that all capital asset additions and deletions are accurately managed each year.

**Views of Responsible Official** We are working to correct this problem.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Newton County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2016.

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.

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

This report is intended for use in evaluating the central purchasing system and inventory control system of Newton 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.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 27, 2018

NEWTON COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder  
For the Year Ended September 30, 2016

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
8/1/2016	Used motor grader	\$ 79,950	Traxplus	\$ 55,918	The hours on the Traxplus motor grader were significantly lower than the lowest bidder.

NEWTON COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2016

Schedule 2

Our tests did not identify any emergency purchases.

NEWTON COUNTY

Schedule 3

Schedule of Purchases Made Noncompetively From a Sole Source  
For the Year Ended September 30, 2016

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

NEWTON COUNTY

(This page left blank intentionally.)



**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

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

Members of the Board of Supervisors  
Newton County, Mississippi

In planning and performing our audit of the financial statements of Newton County, Mississippi (the County) for the year ended September 30, 2016, we considered Newton County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Newton County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated June 27, 2018, on the financial statements of Newton 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 areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

**Board of Supervisors.**

1. The final amended budget should be spread upon the minutes in detail.

**Repeat Finding** No

**Criteria** Section 19-11-11, Miss. Code Ann. (1972), states "...The Board of Supervisors, not later than September 15<sup>th</sup>, shall then, by resolution, approve and adopt the budget as finally determined, and enter the same at length and in detail in its official minutes."

**Condition** During our testwork, it was noted that the final amended budget was not entered in detail in the official minutes.

**Cause** Unknown

**Effect** Failure to spread the final amended budget in detail on the minutes is a violation of state statute and could result in erroneous amounts recorded.

**Recommendation** The Board of Supervisors should ensure the final amended budget is spread in detail on the minutes.

**Views of Responsible Officials** The order was made by the supervisors, but the document was omitted from the minutes by mistake. This will be corrected.

**Board of Supervisors and County Administrator.**

2. The County Administrator should be bonded as required by state statute.

**Repeat Finding** No

**Criteria** Section 19-4-9, Miss. Code Ann. (1972), requires the County administrator to give bond to the board of supervisors, with sufficient surety, to be payable, conditioned and approved as provided by law, in a penalty equal to three percent (3%) of the sum of all the state and county taxes shown by the assessment rolls and the levies to have been collectible in the county for the year immediately preceding the commencement of the term of office for such administrator; however, such bond shall not exceed the amount of One Hundred Thousand Dollars (\$ 100,000.00). Also, 25-1-15, Miss. Code Ann. (1972), requires the given individual bond coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.

**Condition** The County Administrator has a bond that is written as an “indefinite” and therefore not adequately bonded for the fiscal year 2016.

**Cause** Unknown

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

**Recommendation** The County should implement additional procedures to ensure the County Administrator is bonded as required by state statute.

**Views of Responsible Officials’** We will purchase a new bond that will expire on 1/6/2020.

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

3. Deputy Circuit Clerks should be bonded as required by state statute.

**Repeat Finding** Yes

**Criteria** Section 9-7-123(2), Miss. Code Ann. (1972), requires that all Deputy Circuit Clerks be bonded for three percent of the prior year’s taxes with a minimum of \$50,000 and a maximum of \$100,000. Also, 25-1-15, Miss. Code Ann. (1972), requires the given individual bond coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.

**Condition** The Deputy Circuit Clerks have bonds that were written as an “indefinite” and were not adequately bonded for the fiscal year 2016.

**Cause** Unknown

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



**Recommendation** The County should implement additional procedures to ensure the Deputy Circuit Clerks are bonded as required by state statute.

**Views of Responsible Officials'** We will purchase new bonds that will expire on 1/6/2020.

**Board of Supervisors, Tax Assessor, and Deputy Tax Assessors.**

4. Deputy Tax Assessor should be bonded as required by state statute.

**Repeat Finding** Yes

**Criteria** Section 27-1-3, Miss. Code Ann. (1972), states that each Deputy Tax Assessor shall give bond in an amount not less than \$10,000 for the faithful discharge of his duties. Also, 251-15, Miss. Code Ann. (1972), requires the given individual bond coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.

**Condition** The Deputy Tax Assessor has a bond that was written as an "indefinite" and was not adequately bonded for the fiscal year 2016.

**Cause** Unknown

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

**Recommendation** The County should implement additional procedures to ensure the Deputy Tax Assessor is bonded as required by state statute.

**Views of Responsible Officials'** We will purchase a new bond that will expire on 1/6/2020.

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

5. The Justice Clerk and Deputy Clerks should be bonded as required by state statute.

**Repeat Finding** No

**Criteria** Section 9-11-29(2), Miss. Code (1972), requires that the Justice Court Clerk and Deputy Clerks be bonded for a minimum of \$50,000. Also, 25-1-15, Miss. Code Ann. (1972), requires the given individual bond coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.

**Condition** The Justice Clerk and Deputy Clerks have bonds that were written as an "indefinite" and were not adequately bonded for the fiscal year 2016.

**Cause** Unknown

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

**Recommendation** The County should implement additional procedures to ensure the Justice Clerk and Deputy Clerks are bonded as required by state statute.

**Views of Responsible Officials'**

We will purchase new bonds that will expire on 1/6/2020.

**Board of Supervisors and Justice Court Judges.**

**6.** The Justice Court Judges should be bonded as required by state statute.

**Repeat Finding** No

**Criteria** Section 9-11-7, Miss. Code Ann. (1972), requires the Justice Court Judges to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law. Section 25-1-15, Miss. Code Ann. (1972), requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by securing a new bond every four (4) years concurrent with the normal election cycle of the Governor or with normal election cycle of the local government applicable to the employee. Also, 25-1-15, Miss. Code Ann. (1972), requires the given individual bond coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.

**Condition** The Justice Court Judges have bonds that were written as an "indefinite" and were not adequately bonded for the fiscal year 2016.

**Cause** Unknown

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

**Recommendation** The County should implement additional procedures to ensure the Justice Court Judges are bonded as required by state statute.

**Views of Responsible Officials'**

We will purchase new bonds that will expire on 1/6/2020.

**Board of Supervisors, Sheriff, and Sheriff Deputies.**

**7.** The Sheriff Deputies should be bonded as required by state statute.

**Repeat Finding** No

**Criteria** Section 45-59, Miss. Code Ann. (1972), requires every Sheriff's deputy hired under this section to execute a bond for \$50,000 to be payable, conditional and approved as provided by law. Also, 25-1-15, Miss. Code Ann. (1972), requires the given individual bond coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.

**Condition** The Sheriff Deputies have bonds that were written as an "indefinite" and were not adequately bonded for the fiscal year 2016.

**Cause** Unknown

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

<b>Recommendation</b>	The County should implement additional procedures to ensure the Sheriff Deputies are bonded as required by state statute.
<b>Views of Responsible Officials'</b>	We will purchase new bonds that will expire on 1/6/2020.
<b>Tax Assessor/Collector.</b>	
<b>8.</b>	<u>Controls over motor vehicle receipts should be strengthened.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	An effective system of internal controls should include adequate verification of taxpayer addresses.
<b>Condition</b>	As reported in the prior four years' audit reports, during our test work performed in the Tax Collector's Office, we noted five (5) instances of people getting their tags from an address other than where they claim homestead.
<b>Cause</b>	Unknown
<b>Effect</b>	Weak internal controls as well as incorrect information on taxpayer receipts could lead to loss of public funds.
<b>Recommendation</b>	The Tax Collector should take steps to ensure that there are proper controls put in place for all vehicle information to be listed properly on receipts to taxpayers.
<b>Views of Responsible Officials</b>	A few years ago, the Board of Supervisors implemented a "mail system" to help ensure that all of the addresses are correct on vehicle tags. We now require that all taxpayers report and get a form signed from the 911 office before changing their address for their vehicle tags. The taxpayers are also required to get the form signed by the Circuit Clerk's office to correct their address on their voting registration and it is also signed by the Solid Waste department to ensure proper Solid Waste billing. Occasionally there will be a taxpayer that has a vehicle in their parents' (or other relative) name but they live in their own home therefore the Homestead address will not match the tag address. We put forth effort to ensure that all addresses are correct.

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

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



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 27, 2018

NEWTON COUNTY

(This page left blank intentionally.)

NEWTON COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

NEWTON COUNTY

(This page left blank intentionally.)

NEWTON COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2016

Section 1: Summary of Auditor's Results

**Financial Statements:**

- |    |  |               |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements: | Unmodified    |
| 2. | Internal control over financial reporting:                   |               |
| a. | Material weaknesses identified?                              | Yes           |
| b. | Significant deficiency identified?                           | None reported |
| 3. | Noncompliance material to the financial statements noted?    | Yes           |

Section 2: Financial Statement Findings

**Board of Supervisors.**

**Material Weakness  
Material Non-compliance**

**2016-001.**                    Warrants should not be signed without sufficient money in the funds.

**Repeat Finding**            Yes

**Criteria**                    Section 19-13-43, Miss. Code Ann. (1972), prohibits the signing of warrants or the delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same.

**Condition**                As reported in the prior eight years' audit reports, warrants were issued on funds which did not have sufficient money available. At September 30, 2016, the County Ambulance Grant Fund had a negative cash balance of \$5,846, the Countywide Road Fund had a negative cash balance of \$19,033, and the Beat 4 Road Fund had a negative cash balance of \$10,958.

**Cause**                      Unknown

**Effect**                      Failure to maintain sufficient cash balances in county fund prior to writing checks on these funds results in other funds' cash being used for purposes other than their intended purpose.

**Recommendation**        The Board of Supervisors should ensure that no warrants are signed or delivered until there is sufficient money in the funds upon which it is drawn to pay the same, as required by law.

**Views of Responsible Officials**    The Countywide Road Fund is at a deficit because of a disagreement over liquid emulsions used in Beat 2. There is also a timing difference in when the County bills the cities pay the County. The County Ambulance Grant Fund and the Beat 4 Road Fund have been corrected.

**Material Weakness  
Material Non-compliance**

**2016-002.**                    Controls over Mississippi Code citations in the tax levy should be strengthened.

**Repeat Finding**            Yes

**Criteria**                    An effective system of internal control over the tax levy should ensure the Mississippi Code Section citations are correct in the board order authorizing the tax levy.

**Condition**                As reported in prior year's audit report, our audit procedures revealed the following errors in the

NEWTON COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2016

levy for fiscal year 2015-2016: One Code Section (27-39-327) was repealed effective October 1, 1983, and two others (37-57-123 and 37-7-741) were repealed as of July 1, 1987. Also, two of the Code Sections cited (83-1-392 and 37-7-141) don't exist. Lastly, three of the Code Sections cited (19-9-11, 37-27-3 and 17-21-51) address issues other than the authority to levy taxes for the described purpose.

<b>Cause</b>	Unknown
<b>Effect</b>	The use of incorrect Code Sections could result in improper or unauthorized tax levies.
<b>Recommendation</b>	The Board of Supervisors should establish adequate control procedures to ensure the proper Code Sections are used in the order establishing the tax levy.
<b>Views of Responsible Officials</b>	We are working to correct this problem.
<b>Tax Assessor/Collector.</b>	
<b>Material Weakness</b>	
<b>2016-003.</b>	<u>Tax Collector should perform monthly bank reconciliations.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	An effective system of internal control over the collection, recording, and disbursement of cash in the Tax Collector's office should include a reconciliation of the bank account to the cash journal monthly.
<b>Condition</b>	As reported in the prior year's audit report, during testing performed in the Tax Collector's office, it was noted that the Tax Collector was not reconciling the bank account to the cash journal. A December 2017 cash count revealed a net cash overage of \$273,899.
<b>Cause</b>	Unknown
<b>Effect</b>	Failure to reconcile to the bank account could result in the loss or misuse of public funds.
<b>Recommendation</b>	The Tax Collector should properly maintain a cash journal, ensuring that it reconciles to the bank account monthly.
<b>Views of Responsible Official</b>	The Board of Supervisors agreed to get outside help from an accountant to find the overage of funds, and as of today we have narrowed down the year that we got off track and hope to find out where the money belongs soon. We are diligently working on the findings and from this point forward the journal will be reconciled with the bank statements to prevent this from reoccurring in the future.