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NOXUBEE COUNTY, MISSISSIPPI
AUDITED FINANCIAL STATEMENTS AND
SPECIAL REPORTS

For the Year Ended September 30, 2016

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NOXUBEE COUNTY, MISSISSIPPI
FINANCIAL AUDIT REPORT
For the Year Ended September 30, 2016

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**INDEPENDENT AUDITORS' REPORT ON THE BASIC
FINANCIAL STATEMENTS AND SUPPLEMENTARY 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, 2016, 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 (Note 1). 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 Aggregate Remaining Fund Information 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 \$109,907, as of September 30, 2016. 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 aggregate remaining fund information and governmental activities.

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 \$19,652,617, as of September 30, 2016. 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, 2016, 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 Aggregate Remaining Fund Information, General Fund, 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, 2016, 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, 2016, 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.

Unmodified Opinion

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the general fund of Noxubee County, Mississippi, as of September 30, 2016, and the respective changes in financial position thereof for the year ended in accordance 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, schedule of the County’s proportionate share of net pension liability, schedule of County contributions, 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 requires 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Noxubee County, Mississippi's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the reconciliation of operating costs of solid waste are 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 May 11, 2020, 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* in considering the Noxubee County, Mississippi's internal control over financial reporting and compliance.



REA, SHAW, GIFFIN & STUART, LLP

Noxubee County, Mississippi
May 11, 2020

NOXUBEE COUNTY, MISSISSIPPI
FINANCIAL STATEMENTS

NOXUBEE COUNTY, MISSISSIPPI**Exhibit 1****STATEMENT OF NET POSITION**

September 30, 2016

	Primary Government Governmental Activities
ASSETS	
Cash	\$ 922,542
Property tax receivable	5,264,192
Accounts receivable, net of allowance for uncollectibles of \$1,460,186	109,907
Fines receivable, net of allowance for uncollectibles of \$1,145,958	201,552
Intergovernmental receivables	45,350
Other receivables	1,031
Capital assets, net	<u>19,652,617</u>
Total assets	<u>\$ 26,197,191</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	<u>\$ 1,321,042</u>
Total deferred outflows of resources	<u>\$ 1,321,042</u>
LIABILITIES	
Claims payable	\$ 322,252
Intergovernmental payables	66,151
Accrued interest payable	21,132
Amounts held in custody of others	21,691
Long-term liabilities	
Due within one year:	
Capital related debt	490,409
Non-capital related debt	60,000
Due in more than one year:	
Capital related debt	3,688,689
Non-capital related debt	1,572,389
Net pension liability	<u>5,888,372</u>
Total liabilities	<u>\$ 12,131,085</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to property taxes	\$ 5,264,192
Deferred inflows related to pensions	<u>32,757</u>
Total deferred inflows of resources	<u>\$ 5,296,949</u>
NET POSITION	
Net investment in capital assets	\$ 15,473,519
Restricted for:	
General government	8,969
Public safety	60,259
Public works	1,207,481
Health and welfare	6,673
Culture and recreation	764
Economic development and assistance	33,640
Capital projects	20,014
Unrestricted (deficit)	<u>(6,721,120)</u>
Total net position	<u>\$ 10,090,199</u>

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

NOXUBEE COUNTY, MISSISSIPPI

Exhibit 2

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government					
Governmental activities:					
General government	\$ 2,360,090	\$ 235,187	\$ 84,411	\$ -	\$ (2,040,492)
Public safety	855,705	43,848	45,344	-	(766,513)
Public works	2,311,681	314,915	583,610	615,369	(797,787)
Health and welfare	185,888	-	16,750	-	(169,138)
Culture and recreation	283,265	-	-	-	(283,265)
Education	498,344	-	-	-	(498,344)
Conservation of natural resources	89,625	-	-	-	(89,625)
Economic development and assistance	86,633	-	-	7,800	(78,833)
Interest on long-term debt	163,305	-	-	-	(163,305)
Pension expense	908,690	-	-	-	(908,690)
Total governmental activities	<u>\$ 7,743,226</u>	<u>\$ 593,950</u>	<u>\$ 730,115</u>	<u>\$ 623,169</u>	<u>\$ (5,795,992)</u>
Total primary government	<u>\$ 7,743,226</u>	<u>\$ 593,950</u>	<u>\$ 730,115</u>	<u>\$ 623,169</u>	<u>\$ (5,795,992)</u>
General revenues					
Property taxes					\$ 5,243,088
Road and bridge privilege taxes					115,573
Grants and contributions not restricted to specific programs					374,710
Unrestricted investment income					40,954
Miscellaneous					<u>267,862</u>
Total general revenues					<u>\$ 6,042,187</u>
Change in net position					<u>\$ 246,195</u>
Net position - beginning, as previously reported					\$ 9,882,047
Prior period adjustments					<u>(38,043)</u>
Net position - beginning, as restated					<u>\$ 9,844,004</u>
Net position - ending					<u>\$ 10,090,199</u>

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

NOXUBEE COUNTY, MISSISSIPPI

Exhibit 3

BALANCE SHEET – GOVERNMENTAL FUNDS

September 30, 2016

	<u>Major Funds</u>		
	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 786,429	\$ 136,113	\$ 922,542
Property tax receivable	3,727,879	1,536,313	5,264,192
Accounts receivable, net of allowance for uncollectibles of \$1,460,186	-	109,907	109,907
Fines receivable, net of allowance for uncollectibles of \$1,145,958	201,552	-	201,552
Intergovernmental receivables	45,350	-	45,350
Other receivables	-	1,031	1,031
Due from other funds	191,125	257,972	449,097
Total assets	<u>\$ 4,952,335</u>	<u>\$ 2,041,336</u>	<u>\$ 6,993,671</u>
LIABILITIES			
Claims payable	\$ 47,691	\$ 274,561	\$ 322,252
Intergovernmental payables	66,324	-	66,324
Due to other funds	267,084	181,840	448,924
Amounts held in custody of others	21,691	-	21,691
Total liabilities	<u>\$ 402,790</u>	<u>\$ 456,401</u>	<u>\$ 859,191</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 3,727,879	\$ 1,536,313	\$ 5,264,192
Deferred revenue - solid waste receivable	-	109,907	109,907
Deferred revenue - fines	201,552	-	201,552
Total deferred inflows of resources	<u>\$ 3,929,431</u>	<u>\$ 1,646,220</u>	<u>\$ 5,575,651</u>
FUND BALANCES			
Restricted for:			
General government	\$ -	\$ 8,969	\$ 8,969
Public safety	-	60,259	60,259
Public works	-	1,207,481	1,207,481
Health and welfare	-	6,673	6,673
Culture and recreation	-	764	764
Economic development and assistance	-	33,640	33,640
Debt service	-	20,014	20,014
Unassigned	620,114	(1,399,085)	(778,971)
Total fund balances	<u>\$ 620,114</u>	<u>\$ (61,285)</u>	<u>\$ 558,829</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,952,335</u>	<u>\$ 2,041,336</u>	<u>\$ 6,993,671</u>

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

NOXUBEE COUNTY, MISSISSIPPI**Exhibit 3.1****RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

September 30, 2016

Total fund balance - governmental funds	\$ 558,829
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, therefore, are not reported in the funds, net of accumulated depreciation of \$18,235,235. (Note 6)	19,652,617
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.	109,907
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.	201,552
Deferred outflows of resources related to pension reported in governmental activities is not a financial resource, therefore is not reported in the funds.	1,321,042
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. (Note 11)	(5,811,487)
Accrued interest payable is not due and payable in the current period, therefore, is not reported in the funds.	(21,132)
Net pension liabilities are not due and payable in the current period, therefore, is not reported in the funds.	(5,888,372)
Deferred inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds.	<u>(32,757)</u>
Total net position - governmental activities	<u>\$ 10,090,199</u>

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

NOXUBEE COUNTY, MISSISSIPPI

Exhibit 4

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

For the Year Ended September 30, 2016

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 3,677,888	\$ 1,565,200	\$ 5,243,088
Road and bridge privilege taxes	-	115,573	115,573
Licenses, commissions, and other revenue	166,867	3,566	170,433
Fines and forfeitures	108,602	-	108,602
Intergovernmental revenues	438,525	1,289,469	1,727,994
Charges for services	-	314,915	314,915
Interest income	39,765	1,189	40,954
Miscellaneous revenues	212,154	21,249	233,403
	<u>\$ 4,643,801</u>	<u>\$ 3,311,161</u>	<u>\$ 7,954,962</u>
Total revenues			
EXPENDITURES			
Current:			
General government	\$ 2,343,775	\$ 423	\$ 2,344,198
Public safety	1,781,527	479,242	2,260,769
Public works	6,552	2,962,718	2,969,270
Health and welfare	185,888	-	185,888
Culture and recreation	167,416	97,470	264,886
Education	-	498,344	498,344
Conservation of natural resources	104,841	-	104,841
Economic development and assistance	50,608	36,025	86,633
Debt service:			
Principal	171,364	333,302	504,666
Interest and other fiscal charges	100,914	84,025	184,939
	<u>\$ 4,912,885</u>	<u>\$ 4,491,549</u>	<u>\$ 9,404,434</u>
Total expenditures			
Deficiency of revenues under expenditures	<u>\$ (269,084)</u>	<u>\$ (1,180,388)</u>	<u>\$ (1,449,472)</u>
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued	\$ 28,500	\$ 962,915	\$ 991,415
Proceeds from sale of capital assets	-	147,058	147,058
Transfers in	26,699	217,158	243,857
Transfers out	(182,648)	(61,209)	(243,857)
	<u>\$ (127,449)</u>	<u>\$ 1,265,922</u>	<u>\$ 1,138,473</u>
Total other financing sources			
Net changes in fund balances	<u>\$ (396,533)</u>	<u>\$ 85,534</u>	<u>\$ (310,999)</u>
Fund balances - beginning	<u>1,016,647</u>	<u>(146,819)</u>	<u>869,828</u>
Fund balances - ending	<u>\$ 620,114</u>	<u>\$ (61,285)</u>	<u>\$ 558,829</u>

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

NOXUBEE COUNTY, MISSISSIPPI**Exhibit 4.1****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, 2016

Net changes in fund balances - governmental funds (Exhibit 4) \$ (310,999)

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2)
are different because:

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 capital outlays of \$2,542,050 exceeded depreciation of \$763,808 in the current period. 1,778,242

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 cost of the asset sold. (112,599)

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. (71,931)

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. 2,107

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$991,415 exceeded debt repayments of \$504,667. (486,748)

Some items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:

Recording of pension expense for the current period	(908,690)
Recording of contributions made during the year	338,459

Some items reported in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:

Change in compensated absences	(3,280)
Change in accrued interest payable	<u>21,634</u>

Change in net position of governmental activities (Exhibit 2) \$ 246,195

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

NOXUBEE COUNTY, MISSISSIPPI**Exhibit 5****STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**

September 30, 2016

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 205,624
Due from other funds	<u>9,112</u>
Total assets	<u>\$ 214,736</u>
LIABILITIES	
Amounts held in custody for others	\$ 170,738
Intergovernmental payables	34,713
Due to other funds	<u>9,285</u>
Total liabilities	<u>\$ 214,736</u>

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

NOXUBEE COUNTY, MISSISSIPPI

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2016

Note 1. Summary of Significant Accounting Policies

Financial Reporting Entity

Noxubee County, Mississippi (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require the 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 accordance 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, fund financial statements, and accompanying note disclosures which provide a detailed level of financial information.

Note 1. Summary of 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 as Other Governmental Funds.

Measurement Focus and Basis of Accounting

The Government-wide and Fiduciary Fund (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

Note 1. Summary of Significant Accounting Policies (continued)

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

The County reports the following major governmental funds:

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

Additionally, the County reports the following fund types:

Governmental Fund Types

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

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

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

Fiduciary Fund 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.

Note 1. Summary of Significant Accounting Policies (continued)

Deposits and Investments

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

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

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.

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. 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.

Note 1. Summary of 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. The County meets these criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

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

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
Land	-	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.

Deferred Outflows/Inflows of Resources

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Deferred revenue – solid waste receivable – when an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

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

Pensions

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

Long-term Liabilities

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

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

In the fund financial statements, Governmental Fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Note 1. Summary of 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.”

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

Unassigned fund balance – is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive

Note 1. Summary of Significant Accounting Policies (continued)

unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Fund Balance Flow Assumption:

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

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.

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

Note 1. Summary of Significant Accounting Policies (continued)

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 absences 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>
Adjustments to capital assets	<u>\$ (38,043)</u>

Note 3. Deposits

The carrying amount of the County's total deposits with financial institutions at September 30, 2016, was \$1,128,166, and the bank balance was \$1,359,175. The collateral for public entities' deposits in financial institutions are 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 the 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

Note 3. Deposits (continued)

department or agent in the name of the Mississippi State Treasurer on behalf of the County.

Note 4. Interfund Transactions and Balances

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

Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 181,840
General Fund	Agency Funds	9,285
Other Governmental Funds	General Fund	257,972
Agency Funds	General Fund	<u>9,112</u>
Total		<u>\$ 458,209</u>

Some receivables represent the tax revenue collected in September 2016, but not settled until October 2016. Others represent amounts borrowed by other funds to use for reimbursable grant projects. The money will be repaid when the money due from the grantor agencies is received. All interfund balances are expected to be repaid within one year from the date of the financial statements.

Transfers In/Out

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 26,699
Other Governmental Funds	General Fund	182,648
Other Governmental Funds	Other Governmental Funds	<u>34,510</u>
		<u>\$ 243,857</u>

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

Note 5. Intergovernmental Receivables

Intergovernmental receivables at September 30, 2016 consisted of the following:

Legislative tax credit	<u>\$ 45,350</u>
------------------------	------------------

Note 6. Capital Assets

The following is a summary of capital assets activity for the year ended September 30, 2016:

Governmental Activities	Balance 10/1/15	Additions	Deletions	Adjustments	Balance 9/30/16
Non-depreciable capital assets					
Land	\$ 279,367	\$ -	\$ -	\$ (12,000)	\$ 267,367
Construction in-progress	4,365,607	1,867,992	-	(652,224)	5,581,375
Total non-depreciable capital assets	<u>\$ 4,644,974</u>	<u>\$ 1,867,992</u>	<u>\$ -</u>	<u>\$ (664,224)</u>	<u>\$ 5,848,742</u>
Depreciable capital assets					
Infrastructure	\$ 17,554,589	\$ -	\$ -	\$ 852,537	\$ 18,407,126
Buildings	7,758,389	-	-	-	7,758,389
Improvements other than buildings	77,358	-	-	-	77,358
Mobile equipment	2,479,407	-	-	50,695	2,530,102
Furniture and equipment	1,181,908	-	-	47,273	1,229,181
Leased property under capital leases	1,562,067	674,058	(199,171)	-	2,036,954
Total depreciable capital assets	<u>\$ 30,613,718</u>	<u>\$ 674,058</u>	<u>\$ (199,171)</u>	<u>\$ 950,505</u>	<u>\$ 32,039,110</u>
Less accumulated depreciation					
Infrastructure	\$ 9,941,543	\$ 335,893	\$ -	\$ 140,219	\$ 10,417,655
Buildings	4,338,210	106,647	-	-	4,444,857
Improvements other than buildings	37,140	3,095	-	-	40,235
Mobile equipment	1,731,811	80,914	-	137,305	1,950,030
Furniture and equipment	859,965	47,507	-	46,800	954,272
Leased property under capital leases	325,006	189,752	(86,572)	-	428,186
Total accumulated depreciation	<u>\$ 17,233,675</u>	<u>\$ 763,808</u>	<u>\$ (86,572)</u>	<u>\$ 324,324</u>	<u>\$ 18,235,235</u>
Total depreciable capital assets, net	<u>\$ 13,380,043</u>	<u>\$ (89,750)</u>	<u>\$ (112,599)</u>	<u>\$ 626,181</u>	<u>\$ 13,803,875</u>
Governmental activities capital assets, net	<u>\$ 18,025,017</u>	<u>\$ 1,778,242</u>	<u>\$ (112,599)</u>	<u>\$ (38,043)</u>	<u>\$ 19,652,617</u>

Adjustments were made for completed construction in-progress and reclassification of asset classifications.

Depreciation expense was charged to the following functions:

Governmental Activities	Amount
General government	\$ 94,449
Public safety	56,548
Public works	592,970
Culture and recreation	19,841
Total governmental activities - depreciation expense	<u>\$ 763,808</u>

Note 6. Capital Assets (continued)

Commitments with respect to unfinished capital projects at September 30, 2016, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expectation Date of Completion</u>
BR-0052(16)B Bridge Span and Gravel Approaches	\$ 79,854	12/1/2016
BR-0052(18)B Bridge Span and Gravel Approaches	22,584	12/1/2016
PLH-0659(8)BO Bridge Span and Gravel Approaches	722,324	12/1/2016

Note 7. Claims and JudgmentsRisk 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.

Note 8. Capital LeasesAs Lessee

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2016:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 2,036,954
Less accumulated depreciation	<u>(428,186)</u>
Leased property under capital leases	<u>\$ 1,608,768</u>

Note 8. Capital Leases (continued)

The following is a schedule by years of the total payments due as of September 30, 2016:

<u>Year Ending, September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 330,687	\$ 34,545
2018	206,089	26,782
2019	142,181	23,040
2020	515,811	16,995
2021	<u>426,132</u>	<u>10,051</u>
Total	<u>\$ 1,620,900</u>	<u>\$ 111,413</u>

Note 9. Short-term Debt and Liquidity

The following is a summary of short-term debt activity for the year ended September 30, 2016:

<u>Description of Debt</u>	<u>Balance 10/1/2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/2016</u>
Tax anticipation note	<u>\$ -</u>	<u>\$ 70,070</u>	<u>\$ 70,070</u>	<u>\$ -</u>

During the month of October 2015, the County issued \$70,070 of tax anticipation notes with an interest rate of 2.53% and maturity date of March 2016 in order to alleviate a temporary operating cash flow deficiency.

Note 10. Defined Benefit Pension Plan*General Information about the Pension Plan*Plan Description

Noxubee 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. 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.

Note 10. Defined Benefit Pension Plan (continued)

Benefits Provided

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

Contributions

At September 30, 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 employer's rate at September 30, 2016 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2016, 2015, 2014, and 2013 were \$338,459, \$321,988, \$292,485, and \$245,849, respectively, equal to the required contributions for each year.

Note 10. Defined Benefit Pension Plan (continued)*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At September 30, 2016, the County reported a liability of \$5,888,372 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2016, the County's proportion was 0.032965 percent, which was a decrease of 0.00013 from its proportion measured as of June 30, 2015.

For the year ended September 30, 2016, the County recognized pension expense of \$908,690. At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 175,869	\$ -
Net difference between projected and actual earnings on pension plan investments	764,635	-
Changes of assumptions	440,712	15,648
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	(150,065)	17,109
County contributions subsequent to the measurement date	89,891	-
Total	<u>\$ 1,321,042</u>	<u>\$ 32,757</u>

\$89,891 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending, September 30</u>	
2017	\$ 475,380
2018	403,068
2019	203,620
2020	116,326
	<u>\$ 1,198,394</u>

Note 10. Defined Benefit Pension Plan (continued)Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00%
Salary increases	3.75% - 19.00%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, with male rates set forward one year.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target assets allocation percentage and by adding expected inflation.

The target asset allocations and best estimate of arithmetic real rates of return for each major asset class as of June 30, 2016, are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
U.S. Broad	34.00%	5.20%
International Equity	19.00%	5.00%
Emerging Markets Equity	8.00%	5.45%
Fixed Income	20.00%	0.25%
Real Assets	10.00%	4.00%
Private Equity	8.00%	6.15%
Cash	1.00%	-0.50%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan

Note 10. Defined Benefit Pension Plan (continued)

investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease <u>(6.75%)</u>	Discount Rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
County's proportionate share of the net pension liability	<u>\$ 7,550,213</u>	<u>\$ 5,888,372</u>	<u>\$ 4,509,583</u>

Pension Plan Fiduciary Net Position

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

Note 11. Long-term Debt

Debt outstanding as of September 30, 2016, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities			
General Obligation Bonds:			
General obligation jail, series 2014 (USDA)	\$ 2,309,893	4.25%	August 2034
General obligation road and bridge, series 2014	<u>1,600,000</u>	3 - 4.00%	September 2034
Total general obligation bonds	<u>\$ 3,909,893</u>		
Capital Leases:			
2012 Caterpillar motor grader	\$ 104,902	1.89%	July 2017
2005 Mack dump truck	10,569	2.81%	May 2017
2011 Case motor grader	91,843	2.05%	September 2017
2012 Case extendahoe	44,751	2.04%	July 2018
2014 Caterpillar motor grader	174,682	2.18%	November 2019
2014 Dodge ram	13,893	2.23%	December 2014
2015 Caterpillar motor grader	196,539	2.09%	August 2020
2015 Case motor grader	84,708	2.09%	July 2021
2015 Case motor grader	84,708	2.09%	July 2021
2015 Caterpillar motor grader	196,539	2.09%	August 2020
2016 Case tractor with bush hog	55,000	2.16%	March 2021
2016 Case tractor with bush hog	55,000	2.16%	March 2021
2016 Chev Silverado	18,597	2.29%	May 2021
2016 JCB backhoe	83,500	2.28%	September 2021
2017 Freightliner dumptruck	122,446	2.17%	September 2021
2017 Western Star dump truck	128,720	2.26%	August 2021
2017 Western Star dump truck	128,720	2.26%	August 2021
2016 Ford pickup	<u>25,783</u>	2.16%	March 2021
Total capital leases	<u>\$ 1,620,900</u>		
Other Loans:			
Negotiable note (E911 and sportsplex)	<u>\$ 248,305</u>	3.50%	December 2018

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

Year Ending, September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2017	\$ 139,838	\$ 154,081	\$ 79,884	\$ 8,836
2018	158,012	148,190	82,742	5,977
2019	161,965	141,961	85,679	3,040
2020	171,086	135,565	-	-
2021	175,382	129,169	-	-
2022 - 2026	1,008,024	540,684	-	-
2027 - 2031	1,236,375	332,746	-	-
2032 - 2034	<u>859,211</u>	<u>73,734</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,909,893</u>	<u>\$ 1,656,130</u>	<u>\$ 248,305</u>	<u>\$ 17,853</u>

Note 11. Long-term Debt (continued)**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 less than 5.74% of the latest property assessments.

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

	Balance 10/1/2015	Additions	Reductions	Adjustments	Balance 9/30/2016	Amount due within one year
Governmental Activities						
Compensated absences	\$ 29,109	\$ 3,280	\$ -	\$ -	\$ 32,389	\$ -
General obligation bonds	3,662,236	368,240	120,583	-	3,909,893	139,838
Capital leases	1,304,639	623,175	306,914	-	1,620,900	330,687
Other loans	325,475	-	77,170	-	248,305	79,884
Total	\$ 5,321,459	\$ 994,695	\$ 504,667	\$ -	\$ 5,811,487	\$ 550,409

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

Note 12. Effect on Deferred Amounts on Net Position

The governmental activities' unrestricted net position (deficit) amount of \$(6,721,120) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$89,891 result from County contributions subsequent to the measurement date will be recognized as a reduction on the net pension liability in the year ended September 30, 2017. The \$1,231,151 balance of the deferred outflow of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next 3.48 years. The \$32,757 balance of the deferred inflow of resources related to pension at September 30, 2016, will be recognized in pension expense over the next 3.48 years.

The governmental activities' unrestricted net position (deficit) amount of \$(6,721,120) includes the effect of recognition of deferring the recognition of revenue resulting from property taxes receivable. The \$5,264,192 balance of deferred inflows of resources at September 30, 2016, will be recognized as revenue and will increase the unrestricted net position over the next year.

Note 13. Deficit Fund Balances of Individual Funds

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

<u>Fund</u>	<u>Deficit Amount</u>
EMSOF	\$ (476)
MDAH Jail Rehabilitation Project	(27,475)
USDA - Tower Grant	(33,732)
MDAH - Courthouse Rehabilitation Grant	(62,120)
Safe Routes to School Grant	(2,467)
Recreational Trail Grant	(19,224)
Library Elevator Grant	(8,258)
Appalachian Regional Commission Grant	(69,062)
Noxubee General Hospital	(13,234)
Youth Court Administration Grant	(42,537)
Garbage and Solid Waste	(18,455)
Volunteer Fire	(23,511)
Unemployment Comp	(26,915)
Multi Purpose Building	(193,669)
Tombigbee Economic Development Grant	(15,551)
HOME Program	(1,217)
Civic Center	(227,080)
Arena	(26,961)
Sportsplex	(77,270)
Rodeo	(10,000)
District 2 Road Maintenance	(8)
State Aid Road Projects	(82,710)
District 1 Obligation Bond	(8,657)
District 4 Obligation Bond	(194)
District 5 Obligation Bond	(12,412)

Note 14. ContingenciesFederal 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.

Note 14. Contingencies (continued)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.

General Obligation Debt Contingencies

The County 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 this 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:

Description	Balance 9/30/2016
General obligation community hospital bond (2009)	<u>\$ 2,598,964</u>

Note 15. Joint Ventures

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 16. 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

Note 16. Jointly Governed Organizations (continued)

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 Board of Supervisors. The counties listed do not provide financial support for 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 provided \$25,000 for support of the agency in fiscal year 2016.

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 twenty-eight members of the board of directors. The County provided \$52,536 in administrative support for the agency in fiscal year 2016.

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 board of directors. The County provided \$353,249 for maintenance and support of the college in fiscal year 2016.

Note 17. 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 May 11, 2020, the date the financial statements were available to be issued, and determined there to be no subsequent events that have occurred requiring disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

NOXUBEE COUNTY, MISSISSIPPI

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND

For the Year Ended September 30, 2016

	Budgeted Amounts		Actual Non-GAAP Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 3,373,577	\$ 3,667,795	\$ 3,667,795	\$ -
Licenses, commissions, and other revenue	120,750	162,563	162,563	-
Fines and forfeitures	97,000	108,057	108,057	-
Intergovernmental revenues	720,000	438,525	438,525	-
Charges for services	106,000	-	-	-
Interest income	30,000	39,749	39,749	-
Miscellaneous revenues	34,600	196,348	196,348	-
Total revenues	<u>\$ 4,481,927</u>	<u>\$ 4,613,037</u>	<u>\$ 4,613,037</u>	<u>\$ -</u>
EXPENDITURES				
Current				
General government	\$ 2,399,749	\$ 2,328,022	\$ 2,328,022	\$ -
Public safety	1,557,416	1,880,004	1,880,004	-
Public works	4,800	-	-	-
Health and welfare	192,840	190,736	190,736	-
Culture and recreation	91,000	167,597	167,597	-
Education	177,500	-	-	-
Conservation of natural resources	113,644	106,716	106,716	-
Economic development and assistance	54,513	50,088	50,088	-
Debt service	-	88,719	88,719	-
Total expenditures	<u>\$ 4,591,462</u>	<u>\$ 4,811,882</u>	<u>\$ 4,811,882</u>	<u>\$ -</u>
Excess of revenues under expenditures	<u>\$ (109,535)</u>	<u>\$ (198,845)</u>	<u>\$ (198,845)</u>	<u>\$ -</u>
OTHER FINANCING SOURCES	<u>\$ 17,000</u>	<u>\$ 91,497</u>	<u>\$ 91,497</u>	<u>\$ -</u>
Net changes in fund balances	<u>\$ (92,535)</u>	<u>\$ (107,348)</u>	<u>\$ (107,348)</u>	<u>\$ -</u>
Fund balances - beginning	<u>968,535</u>	<u>563,380</u>	<u>1,016,647</u>	<u>(453,267)</u>
Fund balances - ending	<u>\$ 876,000</u>	<u>\$ 456,032</u>	<u>\$ 909,299</u>	<u>\$ (453,267)</u>

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

NOXUBEE COUNTY, MISSISSIPPI

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY*

September 30, 2016, 2015, and 2014

	2016	2015	2014
County's proportion of the net pension liability	0.032965%	0.033095%	0.030927%
County's proportionate share of the net pension liability	\$ 5,888,372	\$ 5,115,834	\$ 3,753,972
County's covered - employee payroll	2,148,946	2,044,368	1,857,048
County's Proportionate share of the net pension liability as a percentage of its covered - employee payroll	274.01%	250.24%	202.15%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%	67.21%

*The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in fiscal year ending 2015, and, until a full 10-year trend in compiled, the County has only presented information for the years in which information is available.

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

NOXUBEE COUNTY, MISSISSIPPI

SCHEDULE OF THE COUNTY'S CONTRIBUTIONS

September 30, 2016, 2015, and 2014

	2016	2015	2014
Contractually required contribution	\$ 338,459	\$ 321,988	\$ 292,485
Contributions in relation to the contractually required contribution	<u>338,459</u>	<u>321,988</u>	<u>292,485</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered - employee payroll	2,148,946	2,044,368	1,857,048
Contributions as a percentage of covered employee payroll	15.75%	15.75%	15.75%

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in fiscal year ending 2015, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

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

NOXUBEE COUNTY, MISSISSIPPI

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended September 30, 2016

Budgetary Comparison Schedule

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:

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

Note 3. Budget/GAAP reconciliation (continued)

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the general fund:

	<u>Governmental Fund Types</u>
	<u>General Fund</u>
Budget (cash basis)	\$ (107,348)
Increase (decrease)	
Net adjustments for revenue accruals	30,764
Net adjustments for expenditure accruals	<u>(319,949)</u>
GAAP Basis	<u>\$ (396,533)</u>

Pension Schedules**Note 1. Changes of benefit terms**

2016 – Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of 1.00% and a maximum rate of 5.00%.

Note 2. Changes in assumptions

2016 – The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2015 - The expectation of retired life mortality was changed to the RP-2014 Health Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

Note 3. Method and assumptions used in calculations of actuarially determined contributions

2016 – The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (2016 Employer contributions are developed from 2014 valuation). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	29.2 years
Asset valuation method	5-year smoothed market
Price inflation	3.50 percent
Salary increase	4.25 percent to 19.50 percent, including inflation
Investment rate of return	8.00 percent, net of pension plan investment expense, including inflation

SUPPLEMENTARY INFORMATION

NOXUBEE COUNTY, MISSISSIPPI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2016

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster/	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture - Rural Development Community Facility Loans and Grants	10.766	N/A	\$ 406,563
U.S. Department of Housing and Urban Development HOME Grant	14.239	1227-M15-SG-280	7,800
U.S. Department of Transportation/Passed-through the Mississippi Department of Transportation Highway Planning and Construction	20.205	N/A	550,996
U.S. Department of Homeland Security/Passed-through the Mississippi Emergency Management Agency Emergency Management Performance Grants	97.042		<u>18,812</u>
Total Expenditures of Federal Awards			<u>\$ 984,171</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A. Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting.

Note B. Community Facility Loans and Grants

The value of the federal award expended in the form of loans made to Noxubee County, Mississippi as of September 30, 2016 is \$406,563.

Note C. Highway Planning and Construction

The value of the federal awards expended in the form of loans made to Noxubee County, Mississippi as of September 30, 2016 is \$550,996.

NOXUBEE COUNTY, MISSISSIPPI

RECONCILIATION OF OPERATING COSTS OF SOLID WASTE

For the Year Ended September 30, 2016

OPERATING EXPENDITURES, CASH BASIS

Salaries and benefits	\$ 91,947
Solid waste pickup and disposal fees	464,051
Gasoline and petroleum products	4,955
Rentals and repairs	3,073
Utilities	10,629
Other expenditures	<u>14,589</u>
Solid waste operating expenditures, cash basis	<u>\$ 589,244</u>

FULL COST EXPENSES

Indirect administrative costs	<u>\$ 6,185</u>
Solid waste full cost operating expenditures	<u><u>\$ 595,429</u></u>

OTHER INFORMATION

NOXUBEE COUNTY, MISSISSIPPI

SCHEDULE OF SURETY BONDS FOR COUNTY OFFICIALS

For the Year Ended September 30, 2016

(UNAUDITED)

Name	Position	Company	Bond
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
Bruce Bernard Brooks	Supervisor District 5	Western Surety	\$ 100,000
Alshaunta Lyles	County Administrator/Comptroller	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 Grassaree	Sheriff	Western Surety	\$ 100,000
Tommy Roby	Deputy Sheriff	Western Surety	\$ 50,000
Eddie Franklin	Deputy Sheriff	Western Surety	\$ 50,000
Vance Phillips	Deputy Sheriff	Western Surety	\$ 50,000
Tim Gowan	Justice Court Judge	Western Surety	\$ 50,000
Dorothy A. Stewart	Justice Court Judge	Western Surety	\$ 50,000
Deanna Sanders	Justice Court Clerk	Western Surety	\$ 50,000
Betty Chandler	Deputy Justice Court Clerk	Western Surety	\$ 50,000
Emmett Mickens	Tax Collector/Assessor	Western Surety	\$ 100,000
R. L. Calhoun	Coroner	Western Surety	\$ 25,000

NOXUBEE COUNTY, MISSISSIPPI
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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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issues by the Comptroller General of the United States, the 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, 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 May 11, 2020. 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. 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.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Noxubee 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 Noxubee 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 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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as findings 16-1, 16-2, and 16-3 to be material weaknesses.

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

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*.

We noted certain matters that we 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 May 11, 2020, included within this document.

Noxubee County's Responses to Findings

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

A handwritten signature in cursive script that reads "Rea, Shaw, Giffin & Stuart".

REA, SHAW, GIFFIN & STUART, LLP

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

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

Report on Compliance for Each Major Federal Program

We have audited Noxubee County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Noxubee County, Mississippi's major federal program for the year ended September 30, 2016. Noxubee County, Mississippi's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Noxubee County, Mississippi's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Noxubee County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit procedures provide a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Noxubee County, Mississippi's compliance.

Opinion on Each Major Federal Program

In our opinion, Noxubee County, Mississippi, compiled, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2016.

Report on Internal Control over Compliance

Management of Noxubee County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Noxubee County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Noxubee County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify and deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



REA, SHAW, GIFFIN & STUART, LLP

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O. Keith Evans
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**INDEPENDENT ACCOUNTANTS' 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 bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2016. 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 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 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 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 also considered in forming our opinion on compliance. Our findings and recommendations and your response are disclosed on the next page:

Purchase Clerk

1. Finding

In the course of our audit for the year ended September 30, 2016, audit tests of purchasing revealed the following weaknesses:

- a. We noted in our testing a few missing invoices.
- b. We noted several invoices above \$1,000 had no requisitions created.
- c. We noted that several invoices above \$1,000 lacked department head approval as requisitions were not completed.
- d. We noted several receiving reports were not signed by authorized personnel in the user departments.

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 purchases. The failure to maintain an effective purchasing control system could result in the reporting of inaccurate amounts in the financial statements.

Recommendation

The Purchasing Clerk should establish adequate control procedures to maintain accurate purchasing records for documenting the existence, completeness and valuation of purchases.

Purchase Clerk's Response

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

Inventory Control Clerk

1. Finding

In the course of our audit for the year ended September 30, 2016, audit tests of capital assets revealed the following weaknesses:

- e. We noted certain asset purchases made during the year that were not properly added to the inventory ledgers.
- f. 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.
- g. Certain capital assets are not set up to depreciate which contributes to differences in the inventory ledger totals and the depreciation schedule balances.

- h. 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.
- i. 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 and, in our opinion, is fairly presented in relation to that examination.

Noxubee County, Mississippi's responses to the findings included in this report were 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, LLP

SCHEDULE OF PURCHASES NOT MADE FROM THE LOWEST BIDDER
For the Year Ended September 30, 2016

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

NOXUBEE COUNTY, MISSISSIPPI

Schedule 2

SCHEDULE OF EMERGENCY PURCHASES

For the Year Ended September 30, 2016

<u>Date</u>	<u>Item Purchased</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
3/28/2016	Corrugated pipe, other drainage structure items, and labor	Engineering Plus	Heavy rains caused a corrugated metal pipe to collapse causing damage to the road

SCHEDULE OF PURCHASES MADE NONCOMPETITELY FROM A SOLE SOURCE

For the Year Ended September 30, 2016

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, 2016, we considered Noxubee 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 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 February 19, 2020, 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 areas that are opportunities for strengthening internal controls and operating efficiency. Our finding, recommendation, and your response is disclosed below:

Sheriff

1. Finding

Section 19-25-73, Miss. Code Ann. (1972), allows the Sheriff to feed prisoners and limits such costs to \$3.22 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 \$3.30.

Recommendation

The Sheriff should search for ways to reduce the cost of preparing meals so that the \$3.22 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.

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 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.

A handwritten signature in cursive script that reads "Rea, Shaw, Giffin & Stuart".

REA, SHAW, GIFFIN & STUART, LLP

NOXUBEE COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NOXUBEE COUNTY, MISSISSIPPI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended September 30, 2016

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 |
| Aggregate remaining fund information | Qualified |
| General fund | Unmodified |
| 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 |

Federal Awards

- | | |
|---|---------------|
| 4. Type of auditors' report issued on compliance for major federal program: | Unmodified |
| 5. Internal control over major program: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 7. Federal programs identified as major program: | |
| Community facilities loans and grants | 10.766 |
| Highway Planning and Construction | 20.205 |
| 8. The dollar threshold used to distinguish between type A and B programs: | \$750,000 |
| 9. Auditee qualified as a low-risk auditee? | No |

SECTION II: FINANCIAL STATEMENT FINDINGS

Board of Supervisors

Material Weakness

16-1 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

16-2 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.

SECTION II: FINANCIAL STATEMENT FINDINGS (continued)

Circuit Clerk

Material Weakness

16-3 Finding

As reported in prior years' audit reports, we noted the following related to the circuit clerks accounting system:

- 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.

NOXUBEE COUNTY, MISSISSIPPI
AUDITEE'S CORRECTIVE ACTION PLAN

BOARD OF SUPERVISORS

~NOXUBEE COUNTY MISSISSIPPI~

Established 1834
Regular Meetings: 1st Monday
James Eddie Coleman, President
Sherman Patterson, Vice-President
Bryan Schimmel, District One
Landis Mickens, District Two
Bruce B. Brooks, District Five

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(662) 726-4216 (F)
Mary R. Shelton, Clerk of the Board
Alshaunta K. Lyles, Administrator/Comptroller
e-mail: noxubeeefo@gmail.com

May 11, 2020

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

Re: Corrective Action Plan for the Year Ending September 30, 2016
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, 2016. 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

16-1 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: James Eddie Coleman, President

16-2 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: James Eddie Coleman, President

16-3 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 reconciled 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,

A handwritten signature in black ink that reads "James Eddie Coleman". The signature is written in a cursive, flowing style.

James Eddie Coleman
Vice President

JEC/akl