

NOXUBEE COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2017

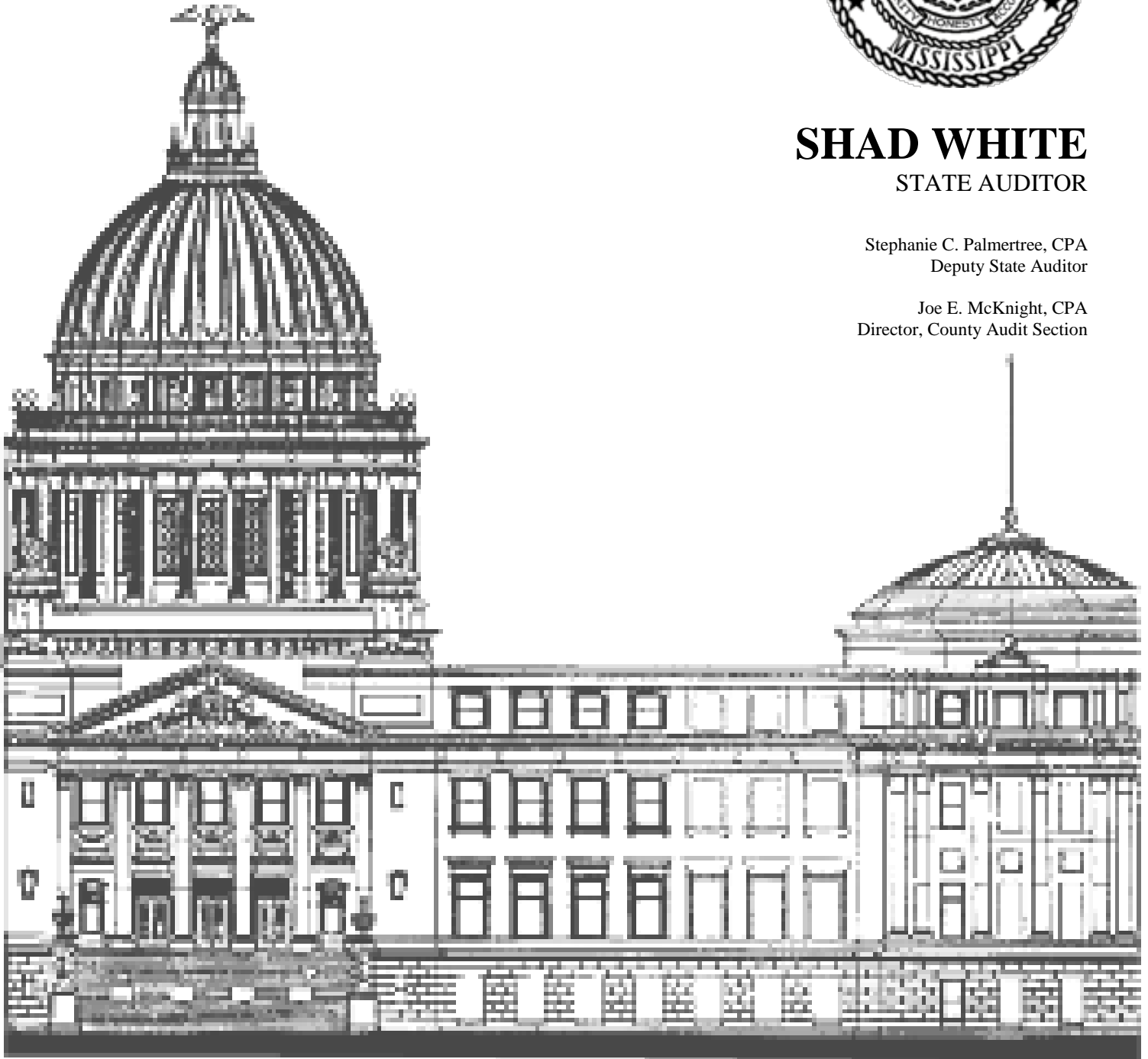


SHAD WHITE

STATE AUDITOR

Stephanie C. Palmertree, CPA
Deputy State Auditor

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR**

Shad White
AUDITOR

August 15, 2023

Members of the Board of Supervisors
Noxubee County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2017 financial and compliance audit report for Noxubee County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White", is written over a horizontal line.

Shad White

NOXUBEE COUNTY

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NOXUBEE COUNTY

FINANCIAL SECTION

NOXUBEE COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR**

INDEPENDENT AUDITOR'S REPORT

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, the major fund, and the aggregate remaining fund information of Noxubee County, Mississippi, (the County) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the 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.

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

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

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Noxubee County, Mississippi, as of September 30, 2017, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion on Governmental Activities

As discussed in Note 1 (H) to the financial statements, the County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets or records documenting the County's capital assets, including infrastructure, or records documenting depreciation on applicable assets in the governmental activities. Accounting principles generally accepted in the United States of America require that adequate records must be maintained to document the existence, completeness and valuation of capital assets, including infrastructure, and also the depreciation on capital assets be adequately documented. The amount by which this departure would affect the assets and expenses of the governmental activities is not reasonably determinable.

Qualified Opinion on Governmental Activities

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Noxubee County, Mississippi, as of September 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion on the General Fund

Management did not maintain adequate subsidiary records documenting the existence and valuation of fines receivable of the Circuit Court or the aging of these fines receivable. Adequate subsidiary records were not maintained and preserved for the Circuit Court fines receivable aging schedules at September 30, 2017. Due to the nature of the County's records, we were unable to satisfy ourselves as to the fair presentation of fines receivable, net, reported in the General Fund at \$215,076, as of September 30, 2017. Also, because of the nature of the fines receivable records, we could not satisfy ourselves as to the fair presentation of the related transactions of the General Fund.

Qualified Opinion on the General Fund

In our opinion, except for the effects of such adjustments, if any, as might have been determined had we been able to examine evidence to determine the net realizable value of the fines receivable reported in the General Fund, the financial statements referred to above present fairly, in all material respects, the financial position of the General Fund of Noxubee County, Mississippi, as of September 30, 2017, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion on the Aggregate Remaining Fund Information

Management did not maintain adequate subsidiary records documenting the existence and valuation of solid waste accounts receivable of the County or the aging of these accounts receivable. Adequate subsidiary records were not maintained and preserved for the County's solid waste accounts receivable aging schedules at September 30, 2017. Due to the nature of the County's records, we were unable to satisfy ourselves as to the fair presentation of solid waste accounts receivable, net, reported in the aggregate remaining fund information at \$110,049, as of September 30, 2017. 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.

Qualified Opinion on the Aggregate Remaining Fund Information

In our opinion, except for the effects of such adjustments, if any, as might have been determined had we been able to examine evidence to determine the net realizable value of the accounts receivable reported in the Aggregate Remaining Fund Information, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of Noxubee County, Mississippi, as of September 30, 2017, and the respective changes in financial position, thereof for the year then 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 Management's Discussion and Analysis, the Budgetary Comparison Schedule and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of County Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

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

Supplementary and Other Information

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 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.

The Reconciliation of Operating Costs of Solid Waste is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Reconciliation of Operating Costs of Solid Waste is fairly stated, in all material

respects, in relation to the basic financial statements 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 any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Noxubee County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Noxubee County, Mississippi's internal control over financial reporting and compliance.

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

JOE E. MCKNIGHT, CPA
Director, County Audit Section

August 15, 2023

NOXUBEE COUNTY

FINANCIAL STATEMENTS

NOXUBEE COUNTY

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NOXUBEE COUNTY
Statement of Net Position
September 30, 2017

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 1,120,495
Property tax receivable	5,484,845
Accounts receivable (net of allowance for uncollectibles of \$1,462,082)	110,049
Fines receivable (net of allowance for uncollectibles of \$1,185,017)	215,076
Intergovernmental receivables	47,950
Other receivables	33,642
Capital assets:	
Land and construction in progress	3,217,823
Other capital assets, net	15,693,694
Total Assets	<u>25,923,574</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	569,279
Total Deferred Outflows of Resources	<u>569,279</u>
LIABILITIES	
Claims payable	200,094
Intergovernmental payables	110,015
Accrued interest payable	35,951
Amounts held in custody for others	30,489
Long-term liabilities	
Net pension liability	5,704,484
Due within one year:	
Capital debt	369,694
Non-capital debt	65,000
Due in more than one year:	
Capital debt	3,499,755
Non-capital debt	1,493,393
Total Liabilities	<u>11,508,875</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	61,431
Deferred revenues - property taxes	5,484,845
Total Deferred Inflows of Resources	<u>5,546,276</u>
NET POSITION	
Net investment in capital assets	15,042,068
Restricted for:	
Expendable:	
General government	71,645
Public safety	62,059
Public works	1,217,146
Health and welfare	6,685
Conservation of natural resources	174,931
Economic development and assistance	1,519
Unrestricted	(7,138,351)
Total Net Position	<u>\$ 9,437,702</u>

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

NOXUBEE COUNTY
Statement of Activities
For the Year Ended September 30, 2017

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,360,807	271,259	14,210		(2,075,338)
Public safety	1,580,421	224,385	77,624	100,761	(1,177,651)
Public works	2,235,061	369,341	575,454	785,504	(504,762)
Health and welfare	195,789		21,933		(173,856)
Culture and recreation	117,946			3,822	(114,124)
Education	741,227				(741,227)
Conservation of natural resources	81,492		7,500		(73,992)
Economic development and assistance	53,402		4,550		(48,852)
Interest on long-term debt	214,596				(214,596)
Pension expense	949,321				(949,321)
Total Governmental Activities	\$ 8,530,062	864,985	701,271	890,087	(6,073,719)
General revenues:					
Property taxes				\$	5,516,930
Road & bridge privilege taxes					115,207
Grants and contributions not restricted to specific programs					578,362
Unrestricted interest income					32,764
Miscellaneous					25,290
Total General Revenues					6,268,553
Changes in Net Position					194,834
Net Position - Beginning, as previously reported					10,090,199
Prior period adjustments					(847,331)
Net Position - Beginning, as restated					9,242,868
Net Position - Ending				\$	9,437,702

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

NOXUBEE COUNTY
Balance Sheet - Governmental Funds
September 30, 2017

Exhibit 3

	Major Fund	Other Governmental Funds	Total Governmental Funds
	General Fund		
ASSETS			
Cash	\$ 211,220	909,275	1,120,495
Property tax receivable	3,915,161	1,569,684	5,484,845
Accounts receivable (net of allowance for uncollectibles of \$1,462,082)		110,049	110,049
Fines receivable (net of allowance for uncollectibles of \$1,185,017)	215,076		215,076
Intergovernmental receivables	47,950		47,950
Other receivables	33,642		33,642
Due from other funds	775,902	449,703	1,225,605
Advances to other funds	187,303	207,988	395,291
Total Assets	\$ 5,386,254	3,246,699	8,632,953
LIABILITIES			
Liabilities:			
Claims payable	\$ 45,464	154,630	200,094
Intergovernmental payables	109,909		109,909
Due to other funds	62,625	1,168,048	1,230,673
Advances from other funds	212,311	178,018	390,329
Amounts held in custody for others	30,489		30,489
Total Liabilities	460,798	1,500,696	1,961,494
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property taxes	3,915,161	1,569,684	5,484,845
Unavailable revenue - accounts receivable		110,049	110,049
Unavailable revenue - fines	215,076		215,076
Total Deferred Inflows of Resources	4,130,237	1,679,733	5,809,970
Fund balances:			
Nonspendable:			
Advances	187,303		187,303
Restricted for:			
General government		71,645	71,645
Public safety		62,059	62,059
Public works		1,107,097	1,107,097
Health and welfare		6,685	6,685
Conservation of natural resources		174,931	174,931
Economic development and assistance		1,519	1,519
Unassigned	607,916	(1,357,666)	(749,750)
Total Fund Balances	795,219	66,270	861,489
Total Liabilities, Deferred Inflows and Fund Balances	\$ 5,386,254	3,246,699	8,632,953

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

NOXUBEE COUNTY

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2017

Exhibit 3-1

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 861,489
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$19,034,295.	18,911,517
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	325,125
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(5,427,842)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(5,704,484)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(35,951)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	569,279
Deferred inflows of resources related to pensions	<u>(61,431)</u>
Total Net Position - Governmental Activities	\$ <u><u>9,437,702</u></u>

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

NOXUBEE COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2017

	Major Fund	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
REVENUES			
Property taxes	\$ 3,895,596	1,621,334	5,516,930
Road and bridge privilege taxes		115,207	115,207
Licenses, commissions and other revenue	162,857	4,470	167,327
Fines and forfeitures	136,024		136,024
Intergovernmental revenues	553,667	1,616,053	2,169,720
Charges for services	178,769	369,199	547,968
Interest income	32,059	705	32,764
Miscellaneous revenues	17,466	7,824	25,290
Total Revenues	4,976,438	3,734,792	8,711,230
EXPENDITURES			
Current:			
General government	2,378,089	19,693	2,397,782
Public safety	1,556,389	85,544	1,641,933
Public works	6,898	2,798,388	2,805,286
Health and welfare	195,789		195,789
Culture and recreation	63,000	14,105	77,105
Education	220,265	520,962	741,227
Conservation of natural resources	106,354		106,354
Economic development and assistance	47,336	6,066	53,402
Debt service:			
Principal	178,911	530,767	709,678
Interest	107,744	92,033	199,777
Total Expenditures	4,860,775	4,067,558	8,928,333
Excess of Revenues over (under) Expenditures	115,663	(332,766)	(217,103)
OTHER FINANCING SOURCES			
Long-term capital debt issued		340,029	340,029
Proceeds from sale of capital assets		45,000	45,000
Compensation for loss of capital assets		86,387	86,387
Total Other Financing Sources	0	471,416	471,416
Net Changes in Fund Balances	115,663	138,650	254,313
Fund Balances - Beginning, as previously reported	620,114	(61,285)	558,829
Prior period adjustments	59,442	(11,095)	48,347
Fund Balances - Beginning, as restated	679,556	(72,380)	607,176
Fund Balances - Ending	\$ 795,219	66,270	861,489

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

NOXUBEE COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2017

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 254,313
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$1,170,380 exceeded depreciation of \$829,028 in the current period.	341,352
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$51,797 and the proceeds from the sale of \$45,000 and the compensation for loss of \$86,387 in the current period.	(183,184)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	13,524
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.	142
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$709,678 exceeded debt proceeds of \$340,029.	369,649
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
The amount of decrease in compensated absences liability	13,996
The amount of increase in accrued interest payable	(14,819)
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	(949,321)
Recording of contributions made during the year	<u>349,182</u>
Change in Net Position of Governmental Activities	<u>\$ 194,834</u>

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

NOXUBEE COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2017

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 170,543
Due from other funds	5,068
Advances to other funds	<u>4,323</u>
Total Assets	<u>\$ 179,934</u>
LIABILITIES	
Amounts held in custody for others	\$ 117,841
Intergovernmental Payables	52,808
Advances from other funds	<u>9,285</u>
Total Liabilities	<u>\$ 179,934</u>

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

NOXUBEE COUNTY

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NOXUBEE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

(1) Summary of Significant Accounting Policies.

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-

NOXUBEE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

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 a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, deferred outflows, liabilities, deferred inflows, fund balances, 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.

C. Measurement Focus and Basis of Accounting.

The Government-wide and Fiduciary Funds (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.

Governmental fund 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 Fund:

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.

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.

NOXUBEE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

FIDUCIARY FUND TYPE

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

D. Account Classifications.

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

E. Deposits and Investments.

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

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

F. Receivables.

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

G. Interfund Transactions and Balances.

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

H. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements. The County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets records documenting the County's infrastructure, or records documenting depreciation on applicable assets. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend

NOXUBEE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Noxubee County meets this criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

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

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

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

I. Deferred Outflows/Inflows of Resources:

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

Deferred outflows related to pensions – This amount represents the County's 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred revenues – 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.

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

NOXUBEE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

Unavailable revenue – accounts 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.

J. Pensions.

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

K. Long-term Liabilities.

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

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

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

L. 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,

NOXUBEE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

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:

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

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

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

Fund Balance Flow Assumption:

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

M. 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

NOXUBEE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

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.

N. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

O. Compensated Absences.

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

P. Changes in Accounting Standards.

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 77, *Tax Abatement Disclosures* and GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. The provisions of these standards have been incorporated into the financial statements and notes.

(2) Prior Period Adjustments.

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

Exhibit 2 – Statement of Activities – Governmental Activities.

<u>Explanation</u>	<u>Amount</u>
To correct errors in prior year cash balances.	\$ 48,347
To correct errors in prior year capital assets, net.	(899,268)
To correct prior year errors in deferred amounts related to pensions.	3,590
Total prior period adjustments	\$ <u>(847,331)</u>

Exhibit 4 – Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

<u>Explanation</u>	<u>Amount</u>
To correct errors in prior year cash balance in the General Fund.	\$ 59,442
To correct errors in prior year cash balances in Other Governmental Funds.	(11,095)
Total prior period adjustments	\$ <u>48,347</u>

NOXUBEE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2017, was \$1,291,038, and the bank balance was \$1,628,017. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by *Section 27-105-5, Mississippi Code of 1972 Annotated*. Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2017:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 775,902
Other Governmental Funds	Other Governmental Funds	392,146
Other Governmental Funds	General Fund	57,557
Agency Funds	General Fund	<u>5,068</u>
Total		\$ <u>1,230,673</u>

The majority of the receivables represent amounts received from various funds to cover deficit cash balances. All other receivables represent tax revenue collected in September, 2017, but not settled until October, 2017. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 178,018
General Fund	Agency Funds	9,285
Other Governmental Funds	General Funds	207,988
Agency Funds	General Funds	<u>4,323</u>
Total		\$ <u>399,614</u>

The advances represent operating loans provided in prior years. None of the advances are expected to be repaid within one year from the date of the financial statements.

NOXUBEE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2017

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2017, consisted of the following:

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 42,657
DHS reimbursement	2,143
Emergency management performance grant reimbursement	480
Housing prisoners reimbursement	<u>2,670</u>
Total Governmental Activities	<u>\$ 47,950</u>

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2017:

Governmental activities:

	Balance Oct. 1, 2016	Additions	Deletions	Adjustments*	Balance Sept. 30, 2017
<u>Non-depreciable capital assets:</u>					
Land	\$ 267,367				267,367
Construction in progress	<u>5,581,375</u>	<u>804,301</u>		<u>(3,435,220)</u>	<u>2,950,456</u>
Total non-depreciable capital assets	<u>5,848,742</u>	<u>804,301</u>	<u>0</u>	<u>(3,435,220)</u>	<u>3,217,823</u>
<u>Depreciable capital assets:</u>					
Infrastructure	18,407,126			410,561	18,817,687
Buildings	7,758,389			2,259,894	10,018,283
Improvements other than buildings	77,358				77,358
Mobile equipment	2,530,102	26,050	135,255		2,420,897
Furniture and equipment	1,229,181		12,400		1,216,781
Leased property under capital leases	<u>2,036,954</u>	<u>340,029</u>	<u>200,000</u>		<u>2,176,983</u>
Total depreciable capital assets	<u>32,039,110</u>	<u>366,079</u>	<u>347,655</u>	<u>2,670,455</u>	<u>34,727,989</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	10,417,655	364,626			10,782,281
Buildings	4,444,857	163,144		134,503	4,742,504
Improvements other than buildings	40,235	3,095			43,330
Mobile equipment	1,950,030	68,666	84,496		1,934,200
Furniture and equipment	954,272	45,902	7,975		992,199
Leased property under capital leases	<u>428,186</u>	<u>183,595</u>	<u>72,000</u>		<u>539,781</u>
Total accumulated depreciation	<u>18,235,235</u>	<u>829,028</u>	<u>164,471</u>	<u>134,503</u>	<u>19,034,295</u>
Total depreciable capital assets, net	<u>13,803,875</u>	<u>(462,949)</u>	<u>183,184</u>	<u>2,535,952</u>	<u>15,693,694</u>
Governmental activities capital assets, net	<u>\$ 19,652,617</u>	<u>341,352</u>	<u>183,184</u>	<u>(899,268)</u>	<u>18,911,517</u>

*Adjustments are to correct prior year errors in capital asset records and to reclassify completed construction in progress.

NOXUBEE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 92,848
Public safety	95,307
Public works	598,615
Culture and recreation	42,258
	<hr/>
Total governmental activities depreciation expense	\$ 829,028

Commitments with respect to unfinished capital projects at September 30, 2017, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Shuqualak Running Water Road Bridge - BR-0052(16)B	\$ 79,854	December, 2018
Singleton Road Bridge - PLH-0659(8)BO	122,502	January, 2020

(7) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2017, to January 1, 2018. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(8) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2017:

Classes of Property	Governmental Activities
Mobile equipment	\$ 2,176,983
Less: Accumulated depreciation	<hr/> (539,781)
Leased Property Under Capital Leases	\$ 1,637,202

NOXUBEE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

The following is a schedule by years of the total payments due as of September 30, 2017:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2018	\$ 193,939	34,737
2019	177,961	29,978
2020	545,061	22,337
2021	439,912	14,466
2022	<u>123,482</u>	<u>2,408</u>
Total	<u>\$ 1,480,355</u>	<u>103,926</u>

(9) Short-term Debt and Liquidity.

The following is a summary of short-term debt activity for the year ended September 30, 2017:

Description of Debt	Balance	Additions	Reductions	Balance
	Oct. 1, 2016			Sept. 30, 2017
Tax Anticipation Note - General Fund	\$	300,000	300,000	0
Tax Anticipation Note - Road Funds		<u>73,500</u>	<u>73,500</u>	<u>0</u>
Total	<u>\$ 0</u>	<u>373,500</u>	<u>373,500</u>	<u>0</u>

During the month of October, 2016, the County issued a \$300,000 tax anticipation note with an interest rate of 2.97 percent (2.97%) and a maturity date of April, 2017, in order to alleviate an operating cash flow deficiency in the General Fund. The note was repaid in April, 2017.

During the month of October, 2016, the County issued a \$73,500 tax anticipation note with an interest rate of 2.51 percent (2.51%) and a maturity date of April, 2017, in order to alleviate an operating cash flow deficiency in District One and District Two Road Funds. The note was repaid in April, 2017.

(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. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees

NOXUBEE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

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

Contributions. At September 30, 2017, 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, 2017 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, 2017, 2016 and 2015 were \$349,182, \$338,459 and \$321,988, respectively, equal to the required contributions for each year.

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

At September 30, 2017, the County reported a liability of \$5,704,484 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2017 net pension liability was 0.034316 percent, which was based on a measurement date of June 30, 2017. This was an increase of 0.001351 from its proportionate share used to calculate the September 30, 2016 net pension liability, which was based on a measurement date of June 30, 2016.

For the year ended September 30, 2017, the County recognized pension expense of \$949,321. At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOXUBEE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 78,810	41,624
Net difference between projected and actual earnings on pension plan investments	57,885	
Changes of assumptions	122,486	9,339
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	217,743	10,468
County contributions subsequent to the measurement date	92,355	
Total	\$ 569,279	61,431

\$92,355 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30	Amount
2018	\$ 350,005
2019	148,960
2020	26,717
2021	(110,189)
Total	\$ 415,493

Actuarial Assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.25 – 18.50 percent, including inflation
Investment rate of return	7.75, percent, 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 2022, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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

NOXUBEE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	27.00 %	4.60
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Estate	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	<u>1.00</u>	0.00
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 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:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
County's proportionate share of the net pension liability	\$ 7,481,811	5,704,484	4,228,916

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

(11) Long-term Debt.

Debt outstanding as of September 30, 2017, consisted of the following:

NOXUBEE COUNTY

**Notes to Financial Statements
For the Year Ended September 30, 2017**

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
General obligation jail, series 2014 (USDA)	\$ 2,220,673	4.125%	08/2034
General obligation road and bridge, series 2014	<u>1,540,000</u>	3.00-4.00%	09/2034
Total General Obligation Bonds	<u>\$ 3,760,673</u>		
B. Capital Leases:			
2012 Caterpillar motor grader - refinanced	\$ 88,074	3.58%	06/2020
2012 Case extendahoe	20,549	2.04%	07/2018
2014 Caterpillar motor grader	157,278	2.18%	11/2019
2014 Dodge Ram	9,611	2.23%	12/2019
2015 Caterpillar motor grader	181,829	2.09%	08/2020
2015 Case motor grader	75,518	2.09%	07/2021
2015 Case motor grader	75,518	2.09%	07/2021
2015 Caterpillar motor grader	181,829	2.09%	08/2020
2016 Chevy Silverado	10,396	2.29%	05/2021
2016 JCB backhoe	77,080	2.28%	09/2021
2017 Freightliner dump truck	115,761	2.17%	09/2021
2017 Western Star dump truck	117,469	2.26%	08/2021
2017 Western Star dump truck	117,469	2.26%	08/2021
2016 Ford pickup	20,258	2.16%	03/2021
2017 Caterpillar motor grader	<u>231,716</u>	3.49%	04/2022
Total Capital Leases	<u>\$ 1,480,355</u>		
C. Other Loans:			
Negotiable note (E911 & Sportsplex)	<u>\$ 168,421</u>	3.50%	12/2018

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

<u>Year Ending September 30</u>	<u>General Obligation Bonds</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 158,012	144,078	82,743	5,977
2019	161,965	137,966	85,678	3,040
2020	171,086	131,691		
2021	175,382	125,421		
2022	184,861	118,974		
2023 - 2027	1,048,439	487,069		
2028 - 2032	1,292,670	272,481		
2033 - 2037	<u>568,258</u>	<u>34,305</u>		
Total	<u>\$ 3,760,673</u>	<u>1,451,985</u>	<u>168,421</u>	<u>9,017</u>

NOXUBEE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

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, 2017, the amount of outstanding debt was equal to 5.39 percent (5.39%) of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2017:

	Balance Oct. 1, 2016	Additions	Reductions	Balance Sept. 30, 2017	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 32,389		13,996	18,393	
General obligation bonds	3,909,893		149,220	3,760,673	158,012
Capital leases	1,620,900	340,029	480,574	1,480,355	193,939
Other loans	248,305		79,884	168,421	82,743
Total	\$ 5,811,487	340,029	723,674	5,427,842	434,694

Compensated absences will be paid from the funds from which the employees' salaries were paid, which are generally the General Fund, the Road Maintenance Funds, and the Garbage and Solid Waste Fund.

(12) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2017:

Fund	Deficit Amount
EMSOF Fund	\$ 1,152
MDAH - Two Old Jails Rehab Project Fund	29,275
USDA - Tower Grant Fund	33,732
MDAH Grant - Courthouse Rehabilitation Fund	62,120
Recreational Trail Fund	19,224
Library Elevator Grant Fund	8,258
ARC Grant Fund	69,062
Noxubee General Hospital Fund	13,234
Youth Court Administrative Grant Fund	45,218
Garbage and Solid Waste Fund	410,579
Volunteer Fire Fund	23,027
2% Unemployment Compensation Fund	33,260
Multi-Purpose Building Fund	103,308
Tombigbee Economic Development Grant Fund	15,551
HOME Program Fund	931
Civic Center Fund	256,871
Arena Fund	31,004
Sportsplex Fund	78,870
Rodeo Fund	10,000
State Aid Road Projects Fund	91,178
District 1 Obligation Bond Fund	8,657
District 2 Obligation Bond Fund	549
District 4 Obligation Bond Fund	194
District 5 Obligation Bond Fund	12,412

NOXUBEE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

(13) Contingencies.

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

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

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 the Hospital and, therefore, is reported as a liability of the Hospital. However, because general obligation bonds are backed by the full faith, credit and taxing power of the County, the County remains contingently liable for their retirement. The principal amount of such debt outstanding at year end is as follows:

Description	Balance at Sept. 30, 2017
General obligation community hospital bond (2009)	\$ 2,598,964

(14) Effect of Deferred Amounts on Net Position.

The governmental activities' unrestricted net position amount of \$(7,138,351) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$92,355 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2018. The \$476,924 balance of the deferred outflows of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next three years. The \$61,431 balance of the deferred inflows of resources related to pensions at September 30, 2017, will be recognized in pension expense over the next four years.

(15) Joint Venture.

The County participates in the following joint venture:

Noxubee County is a participant with the Counties of Choctaw, Clay, Lowndes, Oktibbeha, and Webster, and the Cities of Ackerman, Columbus, Eupora, Louisville, Macon, Starkville and West Point in a joint venture, authorized by *Section 17-17-307, Mississippi Code of 1972 Annotated*, to operate the Golden Triangle Regional Solid Waste Management Authority. This 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.

NOXUBEE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

(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 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 appropriated \$25,000 for support of the agency in fiscal year 2017.

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 appropriated \$44,736 in administrative support for the agency in fiscal year 2017.

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 appropriated \$377,557 for maintenance and support for the college in fiscal year 2017.

(17) Tax Abatements.

As of September 30, 2017, Noxubee County provides tax exempt status to eight processing companies and one public utility subject to the requirements of GASB Statement No. 77. These companies are exempt from real property taxes and personal property taxes except for levies involving the school, the mandatory one mill, and community college tax levies. These exemptions are authorized under *Sections 27-31-101 and 27-31-105 of the Mississippi Code of 1972 Annotated*. These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2017 totaled \$85,968.

(18) 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 August 15, 2023, the date the financial statements were available to be issued, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements;

NOXUBEE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2017

Subsequent to September 30, 2017, the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>		<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/06/2017	3.58%	\$	385,804	Promissory note	Ad valorem taxes
01/05/2018	4.40%		20,475	Capital lease	Ad valorem taxes
01/05/2018	4.40%		20,475	Capital lease	Ad valorem taxes
10/08/2018	5.25%		84,109	Promissory note	Ad valorem taxes
11/04/2019	3.59%		121,871	Capital lease	Ad valorem taxes
02/21/2020	4.65%		99,387	Capital lease	Ad valorem taxes
03/02/2020	3.85%		52,450	Capital lease	Ad valorem taxes
07/10/2020	3.35%		140,236	Capital lease	Ad valorem taxes
08/21/2020	3.35%		253,952	Capital lease	Ad valorem taxes
11/04/2020	4.09%		233,997	Capital lease	Ad valorem taxes
12/11/2020	2.99%		233,529	Capital lease	Ad valorem taxes
12/23/2020	4.54%		62,420	Capital lease	Ad valorem taxes
12/23/2020	4.54%		58,224	Capital lease	Ad valorem taxes
01/25/2021	4.89%		43,665	Capital lease	Ad valorem taxes
03/25/2021	4.65%		31,615	Capital lease	Ad valorem taxes
03/25/2021	4.65%		84,864	Capital lease	Ad valorem taxes
04/02/2021	4.05%		52,818	Capital lease	Ad valorem taxes
07/09/2021	4.06%		84,410	Capital lease	Ad valorem taxes
07/09/2021	4.24%		47,199	Capital lease	Ad valorem taxes
07/26/2021	4.09%		73,996	Capital lease	Ad valorem taxes
07/29/2021	4.29%		58,080	Capital lease	Ad valorem taxes
07/29/2021	4.24%		47,199	Capital lease	Ad valorem taxes
07/30/2021	4.09%		73,996	Capital lease	Ad valorem taxes
04/14/2022	3.35%		266,952	Financed purchase	Ad valorem taxes
10/07/2022	4.46%		162,276	Financed purchase	Ad valorem taxes
11/07/2022	4.49%		77,316	Financed purchase	Ad valorem taxes

NOXUBEE COUNTY

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NOXUBEE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

NOXUBEE COUNTY

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NOXUBEE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2017
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,305,054	4,305,054	3,589,874	(715,180)
Licenses, commissions and other revenue	120,750	120,750	164,946	44,196
Fines and forfeitures	97,000	97,000	132,451	35,451
Intergovernmental revenues	487,000	487,000	543,837	56,837
Charges for services	106,000	106,000	130,509	24,509
Interest income	30,000	30,000	32,044	2,044
Miscellaneous revenues	34,600	34,600	52,110	17,510
Total Revenues	<u>5,180,404</u>	<u>5,180,404</u>	<u>4,645,771</u>	<u>(534,633)</u>
EXPENDITURES				
Current:				
General government	2,393,144	2,393,144	2,374,642	18,502
Public safety	1,291,544	1,292,498	1,553,731	(261,233)
Public works	4,800	4,800	6,898	(2,098)
Health and welfare	196,540	196,540	196,404	136
Culture and recreation	92,000	92,000	63,000	29,000
Education	177,500	177,500	220,265	(42,765)
Conservation of natural resources	112,466	112,466	151,164	(38,698)
Economic development and assistance	55,188	55,188	3,173	52,015
Debt service:				
Principal	264,002	264,002	274,246	(10,244)
Interest	9,556	9,556	12,409	(2,853)
Total Expenditures	<u>4,596,740</u>	<u>4,597,694</u>	<u>4,855,932</u>	<u>(258,238)</u>
Excess of Revenues over (under) Expenditures	<u>583,664</u>	<u>582,710</u>	<u>(210,161)</u>	<u>(792,871)</u>
OTHER FINANCING SOURCES (USES)				
Compensation for loss of capital assets			29,243	29,243
Transfers in	17,000	17,000	153,488	136,488
Transfers out			(144,154)	(144,154)
Total Other Financing Sources and Uses	<u>17,000</u>	<u>17,000</u>	<u>38,577</u>	<u>21,577</u>
Net Change in Fund Balance	600,664	599,710	(171,584)	(771,294)
Fund Balances - Beginning	<u>637,537</u>	<u>637,537</u>	<u>778,743</u>	<u>141,206</u>
Fund Balances - Ending	<u>\$ 1,238,201</u>	<u>1,237,247</u>	<u>607,159</u>	<u>(630,088)</u>

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

NOXUBEE COUNTY

Schedule of the County's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*

For the Year Ended September 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.034316%	0.032965%	0.033095%
County's proportionate share of the net pension liability (asset)	\$ 5,704,484	5,888,372	5,115,834
County's covered payroll	\$ 2,201,370	2,148,946	2,044,368
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	259.13%	274.01%	250.24%
Plan fiduciary net position as a percentage of the total pension liability	61.49%	57.47%	61.70%

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

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

NOXUBEE COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 349,182	338,459	321,988
Contributions in relation to the contractually required contribution	<u>349,182</u>	<u>338,459</u>	<u>321,988</u>
Contribution deficiency (excess)	\$ <u>0</u>	<u>0</u>	<u>0</u>
County's covered payroll	\$ 2,217,029	2,148,946	2,044,368
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

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

NOXUBEE COUNTY

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NOXUBEE COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2017 UNAUDITED

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund:

		<u>Governmental Fund Type</u>
		General Fund
Budget (Cash Basis)	\$	(171,584)
Increase (Decrease)		
Net adjustments for revenue accruals		147,936
Net adjustments for expenditure accruals		139,311
GAAP Basis	\$	<u>115,663</u>

NOXUBEE COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2017 UNAUDITED

D. Excess of Actual Expenditures over Budget in Individual Funds.

The following fund had an excess of actual expenditures over budget for the year ended September 30, 2017:

<u>Fund</u>	<u>Excess</u>
General Fund	\$ 357,891

The General Fund is in violation of *Section 19-11-17, Mississippi Code of 1972 Annotated*. However, the County has no liability associated with this violation.

Pension Schedules

A. Changes of assumptions.

2015

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

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

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

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

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

2016

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

2017

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

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

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

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

NOXUBEE COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2017 UNAUDITED

B. Changes in benefit provisions.

2016

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

Method and assumptions used in calculations of actuarially determined contributions.

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2015 valuation for the June 30, 2017 fiscal year end). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	33.9 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

NOXUBEE COUNTY

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NOXUBEE COUNTY

SUPPLEMENTARY INFORMATION

NOXUBEE COUNTY

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NOXUBEE COUNTY
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2017

Operating Expenditures, Cash Basis:

Salaries	\$	90,214
Expendable Commodities:		
Gasoline and petroleum products		4,095
Repair parts		1,095
Office, field and shop supplies		5,684
Tires		952
Solid waste disposal fees		454,173
Professional fees, legal advertising and other fees		3,801
Postage and box rent		7,887
Telephone and utilities		<u>2,953</u>

Solid Waste Cash Basis Operating Expenditures	570,854
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Full Cost Expenses:

Indirect administrative costs	8,622
Net effect of other accrued expenses	<u>5,441</u>

Solid Waste Full Cost Operating Expenses	\$ <u><u>584,917</u></u>
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NOXUBEE COUNTY

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NOXUBEE COUNTY

OTHER INFORMATION

NOXUBEE COUNTY

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NOXUBEE COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2017
UNAUDITED

Name	Position	Company	Bond
Larry Tate	Supervisor District 1	Travelers Casualty and Surety Company	\$100,000
William Oliver	Supervisor District 2	Western Surety Company	\$100,000
Sherman Patterson	Supervisor District 3	Western Surety Company	\$100,000
James Eddie Coleman	Supervisor District 4	Western Surety Company	\$100,000
Bruce Bernard Brooks	Supervisor District 5	Western Surety Company	\$100,000
Alshaunta Lyles	County Administrator	Western Surety Company	\$100,000
Mary R. Shelton	Chancery Clerk	Western Surety Company	\$100,000
Ernestine Pope-McLeod	Purchase Clerk	Western Surety Company	\$75,000
Phynas Williams	Receiving Clerk	Western Surety Company	\$75,000
Joyce Mayberry	Inventory Control Clerk	Western Surety Company	\$75,000
Frank Draper	Constable	Western Surety Company	\$50,000
Freda Denise Phillips	Circuit Clerk	Travelers Casualty and Surety Company	\$100,000
Terry Grassaree	Sheriff	Western Surety Company	\$100,000
Tommy Roby	Sheriff's Deputy	Western Surety Company	\$50,000
Vance Phillips	Sheriff's Deputy	Travelers Casualty and Surety Company	\$50,000
Tim Gowan	Justice Court Judge	Travelers Casualty and Surety Company	\$50,000
Dorothy A. Stewart	Justice Court Judge	Western Surety Company	\$50,000
Deanna Sanders	Justice Court Clerk	Western Surety Company	\$50,000
Betty Robinson	Tax Assessor-Collector	Western Surety Company	\$100,000
Johnnie M. Griffin	Deputy Tax Assessor	Western Surety Company	\$10,000
Catina D. Stewart-Stokes	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$10,000
Valerie D. Harris	Deputy Tax Assessor	Western Surety Company	\$10,000
Lula J. Gavin-Tate	Deputy Tax Collector	Western Surety Company	\$50,000
Shumeka L. Boswell	Deputy Tax Collector	Western Surety Company	\$50,000

NOXUBEE COUNTY

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NOXUBEE COUNTY

SPECIAL REPORTS

NOXUBEE COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
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* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Noxubee County, Mississippi (the County), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 15, 2023. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. 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. The report is also qualified on the General Fund because the County did not maintain and preserve adequate subsidiary records documenting the existence and valuation of the Circuit Court fines receivable, net, and the aging of these receivables at September 30, 2017. Additionally, our report includes a qualified opinion on the aggregate remaining fund information because the County did not maintain and preserve adequate subsidiary records documenting the existence and valuation of the solid waste accounts receivable, net, and the aging of these receivables at September 30, 2017.

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.

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 have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal

control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2017-001, 2017-002, 2017-003, 2017-004, 2017-005 and 2017-006 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as 2017-007 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Noxubee County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2017-002 and 2017-003.

We also noted certain matters which we have reported to the management of Noxubee County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated August 15, 2023, included within this document.

Noxubee County's Responses to Findings

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

Purpose of this Report

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

August 15, 2023



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR**

**INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISSISSIPPI CODE OF 1972 ANNOTATED)**

Members of the Board of Supervisors
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, Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with bid requirements of *Section 31-7-13, Mississippi Code of 1972 Annotated* during the year ended September 30, 2017. 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 considered in forming our opinion on compliance. Our findings and recommendations and your responses are disclosed below:

Board of Supervisors and Assistant Receiving Clerk.

1. The Assistant Receiving Clerk should be bonded as required by state law.

Repeat Finding No

Criteria	<i>Section 31-7-124, Mississippi Code of 1972 Annotated</i> , requires each assistant receiving clerk to execute a bond for Fifty Thousand Dollars (\$50,000) to be payable, conditioned and approved as provided by law.
Condition	The Assistant Receiving Clerk was not bonded during fiscal year 2017.
Cause	The County failed to comply with state law.
Effect	Failure to comply with state statutes would limit the amount available for recovery if a loss occurred.
Recommendation	The County should implement procedures to ensure the Assistant Receiving Clerk is properly bonded as required by state statute.
Views of Responsible Official(s)	The County will make sure all assistant receiving clerks are bonded in accordance with state law.

Inventory Control Clerk.

2.	<u>The Inventory Control Clerk should maintain adequate capital asset subsidiary records.</u>
Repeat Finding	Yes
Criteria	<i>Section 31-7-107, Mississippi Code of 1972 Annotated</i> , requires the Inventory Control Clerk to maintain an inventory control system. An effective system of internal control over capital assets should include adequate subsidiary records documenting the existence, completeness, and valuation of capital assets, as well as the depreciation of these assets.
Condition	As reported in the prior thirteen years' audit reports, the County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets or records documenting the County's capital assets, including infrastructure, or records documenting depreciation on applicable assets. Therefore, the Independent Auditor's Report includes a qualification on the Governmental Activities' opinion unit because we were unable to satisfy ourselves as to the fair presentation of the County's investment in capital assets.
Cause	The Inventory Control Clerk lacked the necessary control procedures needed to accurately maintain inventory or subsidiary records, which materially affected the financial statements.
Effect	The failure to maintain adequate subsidiary records could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.
Recommendation	The Inventory Control Clerk should establish adequate control procedures to maintain accurate inventory records documenting the existence, completeness and valuation of capital assets.
Views of Responsible Official(s)	The County will work to maintain accurate capital assets records.

Purchase Clerk.

3.	<u>The Purchase Clerk should comply with all requirements of the central purchasing system.</u>
Repeat Finding	Yes

Criteria	<i>Section 31-7-103, Mississippi Code of 1972 Annotated</i> , states that the Purchase Clerk is responsible for the purchase and acquisition of all equipment, heavy equipment, machinery, supplies, commodities, materials and services acquired for the County; and maintenance of the central purchasing system. These requirements of the central purchasing system include the preparation of purchase orders only after receipt of purchase requisitions from authorized department heads; the receipt of a receiving report signed by an authorized receiving clerk before submitting an invoice for payment; and the maintenance and preservation of all purchasing records.
Condition	During our testing of 25 invoices for compliance with the central purchasing system requirements, the following deficiencies were noted: <ul style="list-style-type: none"> a. No invoice or supporting documentation was available for six (6) purchases totaling \$109,002. b. The receiving report for 13 purchases totaling \$212,965 were signed by someone other than an authorized receiving clerk. c. The purchase requisition and/or purchase order were not completed in a logical time sequence for two (2) purchases totaling \$4,078.
Cause	The Purchase Clerk failed to comply with state law.
Effect	Failure to follow state purchasing laws and requirements could result in unauthorized purchases and the loss or misuse of public funds.
Recommendation	The Purchase Clerk should ensure that signed purchase requisitions are received before preparing a purchase order and placing an order; a receiving report signed by an authorized receiving clerk is received before submitting an invoice for payment, and all purchasing documents are properly assembled and preserved for subsequent review by auditors.
Views of Responsible Official(s)	From now on I will do my very best to comply with the purchasing guidelines and make sure everything is approved for purchasing.

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 for the year ended September 30, 2017.

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

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

This report is intended for use in evaluating Noxubee County, Mississippi's compliance with the aforementioned requirements, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

August 15, 2023

NOXUBEE COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2017

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

NOXUBEE COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2017

Schedule 2

Our tests did not identify any emergency purchases.

NOXUBEE COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2017

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



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR**

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

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, 2017, 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 August 15, 2023, 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, Mississippi Code of 1972 Annotated*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

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

Board of Supervisors.

1. Actual expenditures exceeded final budgeted amounts.

Repeat Finding No

Criteria *Section 19-11-17, Mississippi Code of 1972 Annotated*, prohibits the Board of Supervisors from approving any claim and the Chancery Clerk from issuing any warrant for expenditures in excess of the budget estimates made and approved by the Board of Supervisors, or as thereafter revised, except upon court order, or for an emergency as provided by state law.

Condition Actual expenditures exceeded the budgeted amounts by \$357,891 in the General Fund.

Cause	The Board of Supervisors failed to comply with state law to ensure that actual expenditures were not in excess of budgeted amounts.
Effect	Failure to limit actual expenditures to budgeted amounts could result in the County having insufficient funds to pay expenditures.
Recommendation	The Board of Supervisors should implement procedures to ensure that the required budget reports are provided each month, claims in excess of budgeted amounts are not approved, and that the budget is amended if it appears expenditures will exceed currently budgeted amounts.
Views of Responsible Official(s)	The County will make sure that budgets are not exceeded and will amend the budget as necessary.

2. The original and amended budgets should be entered in detail in the Board of Supervisors' minutes.

Repeat Finding	No
Criteria	<i>Section 19-11-11(1), Mississippi Code of 1972 Annotated</i> , requires the Board of Supervisors to enter the original budget for the fiscal year at length and in detail in its official minutes. Additionally, <i>Section 19-11-19(1), Mississippi Code of 1972 Annotated</i> , requires any revisions made to the budget to be spread upon the official minutes of the Board of Supervisors for the meeting at which any revision is made.
Condition	During test work, it was noted that the original and amended budgets for fiscal year 2017 were entered in the Board of Supervisors' minutes on the combined budget form intended for publication instead of the detailed forms as required by state law.
Cause	The County did not comply with state laws.
Effect	Failure to enter the budget details in the Board of Supervisors' minutes could result in the misappropriation of public funds.
Recommendation	The Board of Supervisors should implement procedures to ensure that the original budget and any subsequent amendments are entered in detail in the minutes of the Board of Supervisors.
Views of Responsible Official(s)	The Board will make sure that the budget is properly adopted and amended each year.

3. The Board of Supervisors should not authorize an interest free loan to the Chancery Clerk.

Repeat Finding	No
Criteria	The Board of Supervisors has no statutory authority to make an interest free loan to the Chancery Clerk.
Condition	During test work, it was noted that payroll reimbursements from the former Chancery Clerk to the County's General Fund were received by the County between 31 and 65 days after the payroll date, with an average being 45 days. The delay in the reimbursements resulted in the former Chancery Clerk receiving interest free loans from the County.
Cause	The former Chancery Clerk did not make timely reimbursements for employees' payroll expenses and the Board of Supervisors continued to issue warrants for the payroll expenses without receiving timely reimbursement.

Effect	The County's interest-free loan to the former Chancery Clerk resulted in an illegal diversion of public funds.
Recommendation	The Board of Supervisors should implement procedures to ensure reimbursements for employees' payroll expenditures are received from the Chancery Clerk prior to issuance of warrants.
Views of Responsible Official(s)	The County will make sure the Chancery Clerk reimburses the County prior to issuing payroll checks.
4.	<u>The County should adhere to the requirements governing the use of credit cards.</u>
Repeat Finding	No
Criteria	<i>Section 19-3-68, Mississippi Code of 1972 Annotated</i> , authorizes the use of a county credit card for travel by the Board of Supervisors and county employees. The Chancery Clerk or Purchase Clerk is required to maintain complete records of all credit card numbers and all receipts and other documentation relating to the use of such credit cards. The supervisors and county employees must furnish receipts for the use of such credit cards each month to the Chancery Clerk or Purchase Clerk, who shall submit a written report monthly to the Board of Supervisors. The report shall include an itemized list of all expenditures and use of the credit card for the month, and such expenditures may be allowed for payment by the County in the same manner as other items in the claims docket.
Condition	During our test work, we noted that no receipts were maintained to support credit card charges and the required written report was not submitted to the Board of Supervisors each month.
Cause	The County did not comply with state law.
Effect	Failure to enforce these requirements could result in the misuse of the credit card for unauthorized and unallowable expenditures.
Recommendation	The Board of Supervisors should implement procedures to ensure that receipts for credit card charges are turned in to the Chancery Clerk or Purchase Clerk, and that the required report is submitted to the Board of Supervisors each month.
Views of Responsible Official(s)	From now on I will make sure that I will have all records that are needed when I use the county credit card.
5.	<u>The Unemployment Compensation Fund's cash balance is below required amount.</u>
Repeat Finding	No
Criteria	<i>Section 71-5-359(5), Mississippi Code of 1972 Annotated</i> , requires the balance in the County's unemployment compensation fund to be maintained in an amount not less than two percent (2%) of the first Six Thousand Dollars (\$6,000) of covered wages paid during the next preceding year, as required by law.
Condition	As of September 30, 2017, the cash balance in the County's unemployment compensation fund was a deficit in the amount of \$33,260, which was \$42,030 less than the required minimum amount.
Cause	The County did comply with state law and maintain the required fund balance for the Unemployment Compensation Fund.

Effect	Failure to maintain the required minimum balance in the Unemployment Compensation Fund resulted in the County being in direct violation of state law.
Recommendation	The Board of Supervisors should establish procedures to ensure the balance of the Unemployment- Compensation Fund is maintained at the required minimum amount.

Views of Responsible Official(s)	The Board has corrected this issue and will make sure the 2% Unemployment Compensation Fund is funded properly in the future.
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6. The Board of Supervisors should strengthen controls to ensure compliance of accounting for restricted funds.

Repeat Finding	No
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Criteria	<i>Section 23-15-5(2)(a)(i), Mississippi Code of 1972 Annotated</i> , states that monies distributed by The Secretary of State from the Election Support Fund shall be held in a separate fund solely for the purpose of acquiring, upgrading, maintaining or repairing voting equipment, systems and supplies, hiring temporary technical support, conducting elections using such voting equipment or systems, employing such personnel to conduct an election, and training election officials.
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Condition	The Board of Supervisors receipted Election Support Fund monies into the General Fund, which is considered unrestricted.
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Cause	The County did not comply with state law.
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Effect	Failure to correctly receipt restricted funds into a separate fund could result in the misappropriation and misuse of restricted funds.
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Recommendation	The Board of Supervisors should create a separate fund to account for monies received from the Election Support Fund.
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Views of Responsible Official(s)	The County was unaware of this requirement in FY2017. This error was corrected in FY2018.
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Board of Supervisors and Constables.

7. All Constables should be bonded as required by state statute.

Repeat Finding	No
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Criteria	<i>Section 19-19-3, Mississippi Code of 1972 Annotated</i> , requires constables to give bond, with sufficient surety, to be payable, conditioned and approved as provided by law and in the same manner as other county officials, in a penalty not less than Fifty Thousand Dollars (\$50,000).
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Condition	During our audit, we noted that one of the constables was not bonded for fiscal year 2017.
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Cause	The County did not comply with state law.
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Effect	Failure to comply with state statutes and obtain a bond for each constable could result in an unnecessary liability being incurred in the event of a loss of public funds.
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Recommendation	The Board of Supervisors should implement procedures to ensure all constables are bonded in accordance with state law.
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**Views of Responsible
Official(s)**

The County will make sure constables are bonded in accordance with state law.

Board of Supervisors and Justice Court Judge.

8. All Justice Court Judges should be bonded as required by state statute.

Repeat Finding No

Criteria *Section 9-11-7, Mississippi Code of 1972 Annotated*, requires each Justice Court Judge to give bond, with sufficient surety, to be payable, conditioned and approved as provided by law and in the same manner as other county officers, in a penalty not less than Fifty Thousand Dollars (\$50,000). In addition, *Section 25-1-15(1), Mississippi Code of 1972 Annotated*, requires all public officials to secure a new bond at the beginning of each new term of office or every four years, whichever is less.

Condition During our audit, we noted that one of the Justice Court Judges was bonded for an indefinite period of time.

Cause The County did not comply with state laws.

Effect Failure to comply with state statutes and obtain a new bond at least every four years would limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation The Board of Supervisors should implement procedures to ensure all Justice Court Judges are bonded in accordance with state law.

**Views of Responsible
Official(s)**

The County will make sure all Justice Court Judges are bonded in accordance to state law.

Board of Supervisors and Circuit Clerk.

9. The Circuit Clerk should be bonded as required by state statute.

Repeat Finding No

Criteria *Section 9-7-11, Mississippi Code of 1972 Annotated*, requires the Circuit Clerk to give bond, with sufficient surety, to be payable, conditioned and approved as provided by law, in a penalty equal to three percent (3%) of the sum of all the state and county taxes shown by the assessment roll and the levies to have been collectible in the county for the year immediately preceding the commencement of the term of office, not to exceed the amount of One Hundred Thousand Dollars (\$100,000). In addition, *Section 25-1-15(1), Mississippi Code of 1972 Annotated*, requires all public officials to secure a new bond at the beginning of each new term of office or every four years, whichever is less.

Condition During our audit, we noted that the Circuit Clerk was bonded for an indefinite period of time.

Cause The County did not comply with state laws.

Effect Failure to comply with state statutes and obtain a new bond at least every four years would limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation The Board of Supervisors should implement procedures to ensure the Circuit Clerk is bonded in accordance with state law.

**Views of Responsible
Official(s)**

Going forward, as the Circuit Clerk of Noxubee County, I will make sure that I have the correct bond, after being sworn in as a County elected official, after my oath of office, and with sufficient surety, to be payable, conditioned and approved as provided by law.

Board of Supervisors and Deputy Circuit Clerks.

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

Repeat Finding No

Criteria *Section 9-7-123(2), Mississippi Code of 1972 Annotated*, requires that all Deputy Circuit Clerks be bonded for a minimum of Fifty Thousand Dollars (\$50,000). Furthermore, *Section 25-1-15(2), Mississippi Code of 1972 Annotated*, requires public employees required to give individual bond to obtain a new bond every four years concurrent with the normal election cycle of the County.

Condition During our audit, it was noted that all of the Deputy Circuit Clerks were only bonded for \$10,000 and one was bonded for an indefinite period of time.

Cause The County did not comply with state laws.

Effect Failure to obtain bonds for the correct amount and failure to obtain a new bond every four years would limit the amount available for recovery in the event a loss occurred.

Recommendation The County should implement procedures to ensure the Deputy Circuit Clerks are bonded in accordance with state law.

**Views of Responsible
Official(s)**

Going forward, deputy clerks of the circuit court, before he/she enters upon the duties of the appointment, shall take the oath of office, and shall give bond, with sufficient surety, to be payable, conditioned, and approved as provided by law.

Board of Supervisors, Justice Court Clerk and Deputy Justice Court Clerk.

11. The Justice Court Clerk and Deputy Justice Court Clerk should be bonded in compliance with state law.

Repeat Finding No

Criteria *Section 9-11-29(2), Mississippi Code of 1972 Annotated*, requires the Justice Court Clerk and each Deputy Justice Court Clerk to be bonded for \$50,000. Furthermore, *Section 25-1-15(2), Mississippi Code of 1972 Annotated*, requires public employees required to give individual bond to obtain a new bond every four years concurrent with the normal election cycle of the County.

Condition During our audit, we noted that the Justice Court Clerk was bonded for an indefinite amount of time and the Deputy Justice Court Clerk was not bonded at all.

Cause The County did not comply with state laws.

Effect Failure to obtain a new bond at least every four years would limit the amount available for recovery if a loss involving the Justice Court Clerk occurred over multiple terms. In the event of a loss of public funds involving the Deputy Justice Court Clerk, the County could incur an unnecessary liability.

Recommendation The County should implement procedures to ensure the Justice Court Clerk and Deputy Justice Court Clerk are bonded in accordance with state law.

**Views of Responsible
Official(s)**

Until this time, I was not aware that I was supposed to keep up with my bond or the ones of my deputy clerks. I received a copy of the original bond that was signed in 1999 when I was hired and I am just now receiving it. I have not obtained nor received any bonds on me or the deputy at that time up until 2023.

Board of Supervisors and Deputy Tax Collectors.

12. All Deputy Tax Collectors should be bonded as required by state law.

Repeat Finding No

Criteria *Section 27-1-9(a), Mississippi Code of 1972 Annotated*, requires each deputy tax collector to give bond to be payable, conditioned and approved as provide by law in an amount not less than Fifty Thousand (\$50,000).

Condition During our audit, it was noted that one of the Deputy Tax Collectors was not bonded.

Cause The County did not comply with state law.

Effect Failure to comply with state statutes and obtain a bond for all Deputy Tax Collectors could result in an unnecessary liability being incurred in the event of a loss of public funds.

Recommendation The County should implement procedures to ensure all Deputy Tax Collectors are bonded in accordance with state law.

**Views of Responsible
Official(s)**

The required bonds will be obtained for the Deputy Tax Collector.

Former Chancery Clerk.

13. The former Chancery Clerk claimed unallowable expenses on the Annual Financial Report.

Repeat Finding No

Criteria *Section 9-1-43(1), Mississippi Code of 1972 Annotated*, limits the compensation of the Chancery Clerk to \$90,000 after making deductions for employee salaries and related salary expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. A business expense must be adequately documented and both ordinary and necessary to be deductible. All fees received in excess of this amount, less any allowable expenses, are to be paid to the County's General Fund on or before April 15th for the preceding calendar year.

Condition The Chancery Clerk claimed expenses in the amount of \$14,116 for which there was no documentation, and were therefore unallowable on the 2017 Annual Financial Report.

Cause The Chancery Clerk did not comply with state laws.

Effect Failure to claim only allowable expenses on the Annual Financial Report resulted in the Chancery Clerk overstating expenses by \$14,116.

Recommendation The former Chancery Clerk should ensure that only allowable expenses are claimed on the Annual Financial Report and repay the unallowable expenses to the County's General Fund.

**Views of Responsible
Official(s)**

All payments were legal and allowable expenses to my knowledge.

Auditor's Note To be considered an allowable expense, the purchase must be adequately documented. As of the end of audit field work, \$14,116 in unallowable expenses was due to the County's general fund.

Circuit Clerk.

14. The Circuit Clerk claimed unallowable expenses on the Annual Financial Report.

Repeat Finding No

Criteria *Section 9-1-43(1), Mississippi Code of 1972 Annotated*, limits the compensation of the Circuit Clerk to \$90,000 after making deductions for employee salaries and related expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. A business expense must be adequately documented and both ordinary and necessary to be deductible. All fees received in excess of this amount, less any allowable expenses, are to be paid to the County's General Fund on or before April 15th for the preceding calendar year.

Condition The Circuit Clerk claimed \$416 in unallowable expenses on the 2017 Annual Financial Report.

Cause The Circuit Clerk did not comply with state law.

Effect Failure to claim only allowable expenses on the Annual Financial Report resulted in the Circuit Clerk overstating expenses by \$416.

Recommendation The Circuit Clerk should ensure that only allowable expenses are claimed on the Annual Financial Report.

Views of Responsible Official(s) I apparently did not fully understand the process for purchasing ads. I was unaware that said purchases were not valid expenses.

Auditor's Note To be considered an allowable expense, the purchase must be adequately documented. Furthermore, advertising expenses must reach a broad audience and contain information relating to the operation of the office.

The Mississippi Office of the State Auditor has taken exception to certain costs. The details of the exception and disposition are as follows:

Exception Issued On:
Mary Shelton, Former Chancery Clerk

Nature of Exception:
See Finding #13 described in this report.

Amount of Exception:
\$14,116

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

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

A handwritten signature in black ink, reading "Joe E. McKnight". The signature is written in a cursive, flowing style.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

August 15, 2023

NOXUBEE COUNTY

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NOXUBEE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

NOXUBEE COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2017

Section 1: Summary of Auditor's Results

Financial Statements:

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

Governmental activities	Qualified
Aggregate discretely presented component units	Adverse
General Fund	Qualified
Aggregate remaining fund information	Qualified
2. Internal control over financial reporting:
 - a. Material weaknesses identified? Yes
 - b. Significant deficiency identified? Yes
3. Noncompliance material to the financial statements noted? Yes

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2017-001. The Board of Supervisors should strengthen controls over solid waste accounts receivable.

Repeat Finding Yes

Criteria An effective system of internal control over solid waste accounts receivable records should include maintaining adequate subsidiary records to substantiate the accounts receivable balance.

Condition As reported in the prior nine years' audit reports, management did not maintain and preserve adequate subsidiary records documenting the existence and valuation of the solid waste accounts receivable balance as of September 30, 2017.

Cause The County lacked adequate controls to accurately maintain solid waste accounts receivable records.

Effect The Independent Auditor's Report includes a qualified opinion on the Aggregate Remaining Fund Information's opinion unit because we were unable to satisfy ourselves as to the fair presentation of the solid waste accounts receivable.

Recommendation The County should implement procedures to ensure documentation of the existence and valuation of the solid waste accounts receivable, including the aging schedule of accounts receivable.

Views of Responsible Official(s) The County will make sure that the proper documentation is available to support the solid waste accounts receivable balance.

NOXUBEE COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2017

Material Weakness
Material Noncompliance

2017-002.	<u>The County signed warrants without sufficient funds.</u>
Repeat Finding	No
Criteria	<i>Section 19-13-43, Mississippi Code of 1972 Annotated</i> , prohibits the signing of warrants or the delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same.
Condition	<p>Warrants were issued on funds which did not have sufficient money to pay the warrants. As of September 30, 2017, the following funds had negative cash balances:</p> <ul style="list-style-type: none">a. EMSOF Fund - \$113b. MDAH – Two Old Jails Rehab Project Fund - \$29,275c. USDA – Tower Grant Fund - \$33,732d. MDAH Grant – Courthouse Rehab Fund - \$62,120e. Recreational Trail Fund - \$19,224f. Library Elevator Grant Fund - \$8,258g. ARC Grant Fund - \$69,062h. Noxubee General Hospital Fund - \$13,234i. Youth Court Administrative Grant Fund - \$45,218j. Garbage and Solid Waste Fund - \$326,309k. Volunteer Fire Fund - \$23,685l. 2% Unemployment Compensation Fund - \$33,260m. Multi-Purpose Building Fund - \$103,308n. Tombigbee Economic Development Grant Fund - \$15,551o. Civic Center Fund - \$257,014p. Arena Fund - \$31,060q. Rodeo Fund - \$10,000r. State Aid Road Projects Fund - \$60,301s. District 1 Obligation Bond Fund - \$8,657t. District 2 Obligation Bond Fund - \$549u. District 4 Obligation Bond Fund - \$194v. District 5 Obligation Bond Fund - \$12,412
Cause	The County did not comply with state law.
Effect	Failure to have sufficient cash balances in county funds prior to the signing and delivery of warrants on these funds resulted in the use of the cash balances of other funds for purposes other than the intended purpose. These types of transactions could result in the Board of Supervisors could be held personally liable for such amounts.
Recommendation	The Board of Supervisors should implement procedures to ensure that no warrants are signed or delivered until there is sufficient money in the fund upon which it is drawn to pay the same, as required by law.
Views of Responsible Official(s)	Negative cash balances have been corrected and the Chancery Clerk has been made aware of the requirement that funds be available before signing warrants.

NOXUBEE COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2017

Material Weakness

Material Noncompliance

2017-003.	<u>Controls over the repayment of interfund advances should be strengthened.</u>
Repeat Finding	No
Criteria	The Mississippi Code is silent regarding the authority of the County to make interfund loans.
Condition	The County has interfund loans that have been outstanding for over a year. These loans were made when the County experienced cash flow issues in prior years. However, these loans were not repaid as of September 30, 2017.
Cause	The County failed to repay outstanding interfund loans.
Effect	Failure to repay these loans constitutes an illegal diversion of legally restricted funds.
Recommendation	For any interfund loans made, the Board of Supervisors should approve and record in the board minutes the reason for the loan, when the loan will be repaid and the source of the funds for repayment. The Board of Supervisors should ensure these loans are repaid by approving and recording in the board minutes a repayment schedule and complying with the repayment schedule.
Views of Responsible Official(s)	Interfund loans and advances have been corrected in the current year and will be properly documented and repaid going forward.

Material Weakness

2017-004.	<u>Bank reconciliations should be performed in a timely manner.</u>
Repeat Finding	No
Criteria	An effective system of internal control over cash should include the timely reconciliation of bank statements to the County's records.
Condition	During our test work, we noted that bank reconciliations were performed approximately four years after the end of the fiscal year.
Cause	The County lacked the necessary controls over cash.
Effect	Failure to reconcile the bank accounts in a timely manner increases the possibility of loss or misappropriation of public funds.
Recommendation	The Board of Supervisors should implement procedures to ensure bank reconciliations are performed on a monthly basis.
Views of Responsible Official(s)	The County has worked to get caught up on bank reconciliations and is current so they will hopefully be able to catch errors in a timely manner.

NOXUBEE COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2017

Circuit Clerk.

Material Weakness

2017-005. The Circuit Clerk should strengthen controls over fines receivable.

Repeat Finding No

Criteria An effective system of internal control over fines receivable records should include maintaining adequate subsidiary records to substantiate the fines receivable balance.

Condition Management did not maintain adequate subsidiary records documenting the existence and valuation of fines receivable for the Circuit Court fines and aging of fines receivable as of September 30, 2017.

Cause The Circuit Clerk lacked adequate internal controls over fines receivable.

Effect The Independent Auditor's Report includes a qualified opinion on the General Fund because we were unable to satisfy ourselves as to the fair presentation of the Circuit Court fines receivable.

Recommendation The Circuit Clerk should implement procedures to ensure documentation of the existence and valuation of the Circuit Court fines receivable, including the aging schedule of fines receivable.

Views of Responsible Official(s) I am working with our software vendor to get the aging report updated in the system, which they stated may take at least two months to correct.

Inventory Control Clerk.

Material Weakness

2017-006. The Inventory Control Clerk should maintain adequate capital asset subsidiary records.

Repeat Finding Yes

Criteria An effective system of internal control over capital assets should include adequate subsidiary records documenting the existence, completeness, and valuation of capital assets, as well as the depreciation of these assets.

Condition As reported in the prior thirteen years' audit reports, the County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets, or records documenting the County's capital assets, including infrastructure, or records documenting depreciation on applicable assets. Therefore, the Independent Auditor's Report includes a qualified opinion on the Governmental Activities because we were unable to satisfy ourselves as to the fair presentation of the County's investment in capital assets.

Cause The County lacked the necessary control procedures needed to accurately maintain inventory or subsidiary records, which materially affected the financial statements.

Effect The failure to maintain adequate subsidiary records could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.

NOXUBEE COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2017

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

Views of Responsible Official(s) The County will work to maintain accurate capital assets records.

Justice Court Clerk.

Significant Deficiency

2017-007. The Justice Court Clerk should establish adequate segregation of duties.

Repeat Finding No

Criteria An effective system of internal control over cash should include adequate segregation of duties.

Condition During our test work, it was noted that controls over cash were inadequate. The Justice Court Clerk receipts monies, prepares and delivers bank deposits, posts receipts to the cash journal, reconciles bank statements, prepares monthly settlements and makes all disbursements.

Cause The Justice Court Clerk lacks the proper segregation of duties necessary to maintain effective internal controls.

Effect The failure to implement adequate controls over cash in the Justice Court office could result in the loss or misappropriation of public funds.

Recommendation The Justice Court Clerk should ensure there is an adequate segregation of duties in the collecting, recording and settlement functions.

Views of Responsible Official(s) As far as preparing bank deposits and posting to the cash journal daily, I don't have a problem delegating these tasks to the deputy clerk. I feel that reconciling the bank statements should be the duty of the clerk along with writing the checks for distributions because only one signature is allowed for the bank account other than the Chancery Clerk in emergencies.