

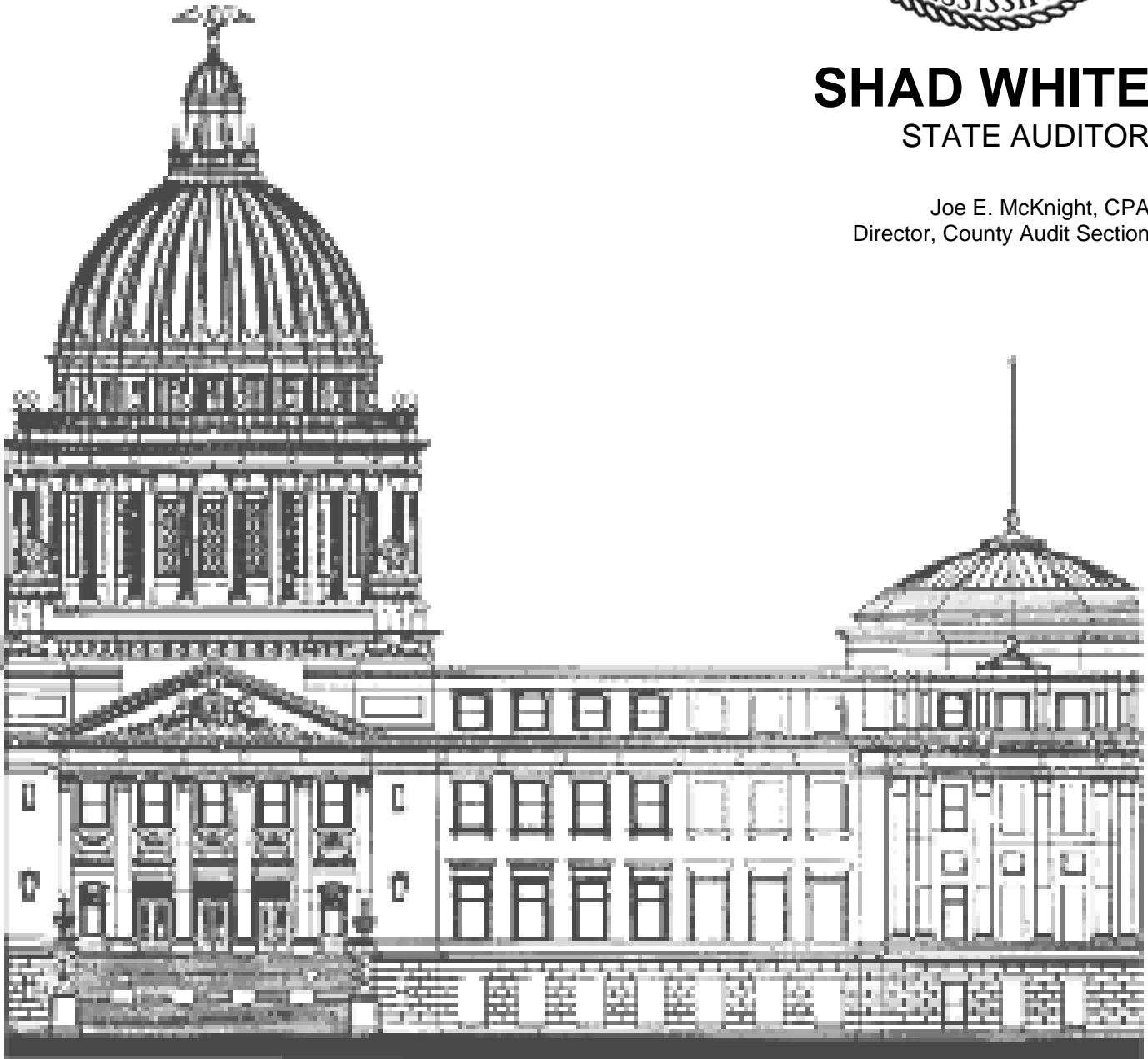
NOXUBEE COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2018



SHAD WHITE
STATE AUDITOR

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

www.osa.state.ms.us



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

Shad White
AUDITOR

December 11, 2023

Members of the Board of Supervisors
Noxubee County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2018 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 cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Noxubee County, Mississippi, (the County) as of and for the year ended September 30, 2018, 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 the cash basis of accounting, as described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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 applicable to the County's cash basis of accounting 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 cash basis assets, net position, receipts, and disbursements of the aggregate discretely presented component units is not reasonably determinable.

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 cash basis financial position of the aggregate discretely presented component units of Noxubee County, Mississippi, as of September 30, 2018, or the changes in cash basis financial position thereof for the year then ended in accordance with accounting principles applicable to the County's cash basis of accounting.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Noxubee County, Mississippi, as of September 30, 2018, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Report on Supplementary and Other Information

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 Schedule 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 accompanying Schedule 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 Schedule of Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 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.

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JOE E. MCKNIGHT, CPA
Director, County Audit Section

December 11, 2023

NOXUBEE COUNTY

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NOXUBEE COUNTY

FINANCIAL STATEMENTS

NOXUBEE COUNTY

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NOXUBEE COUNTY
Statement of Net Position - Cash Basis
September 30, 2018

Exhibit 1

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash	<u>1,866,797</u>
Total Assets	<u>1,866,797</u>
NET POSITION	
Restricted:	
Expendable:	
General government	71,453
Public safety	60,568
Public works	1,386,069
Health and welfare	2,464
Conservation of natural resources	1,098
Economic development and assistance	1,562
Unrestricted	<u>343,583</u>
Total Net Position	<u>1,866,797</u>

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

NOXUBEE COUNTY
Statement of Activities - Cash Basis
For the Year Ended September 30, 2018

Exhibit 2

Functions/Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,491,182	209,429	38,925		(2,242,828)
Public safety	1,549,701	194,373	57,192	55,284	(1,242,852)
Public works	1,844,968	324,780	723,170	105,499	(691,519)
Health and welfare	192,774		17,192	7,019	(168,563)
Culture and recreation	103,486			19,102	(84,384)
Education	629,115				(629,115)
Conservation of natural resources	126,751				(126,751)
Economic development and assistance	257,907		214,246		(43,661)
Debt service:					
Principal	544,947				(544,947)
Interest	203,844				(203,844)
Total Governmental Activities	\$ 7,944,675	728,582	1,050,725	186,904	(5,978,464)
General receipts:					
Property taxes				\$	5,639,270
Road & bridge privilege taxes					118,043
Grants and contributions not restricted to specific programs					404,192
Unrestricted interest income					30,839
Miscellaneous					170,993
Proceeds from debt issuance					114,961
Total General Receipts and Other Cash Sources					6,478,298
Change in Net Position					499,834
Net Position - Beginning*					1,366,963
Net Position - Ending				\$	1,866,797

*Net Position - Beginning will not agree to prior year due to the County electing to present the basic financial statements on the cash basis of accounting for the fiscal year ended September 30, 2018 (See Note 2).

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

NOXUBEE COUNTY

Exhibit 3

Statement of Cash Basis Assets and Fund Balances -
 Governmental Funds
 September 30, 2018

	Major Funds					
	General Fund	District Three Road and Bridge Fund	District Four Road and Bridge Fund	District Five Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 343,583	301,219	490,866	416,166	314,963	1,866,797
Total Assets	<u>343,583</u>	<u>301,219</u>	<u>490,866</u>	<u>416,166</u>	<u>314,963</u>	<u>1,866,797</u>
FUND BALANCES						
Restricted for:						
General government					71,453	71,453
Public safety					60,568	60,568
Public works		301,219	490,866	416,166	177,818	1,386,069
Health and welfare					2,464	2,464
Conservation of natural resources					1,098	1,098
Economic development and assistance					1,562	1,562
Unassigned	343,583					343,583
Total Fund Balances	<u>\$ 343,583</u>	<u>301,219</u>	<u>490,866</u>	<u>416,166</u>	<u>314,963</u>	<u>1,866,797</u>

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

NOXUBEE COUNTY

Exhibit 4

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -

Governmental Funds

For the Year Ended September 30, 2018

	Major Funds					
	General Fund	District Three Road and Bridge Fund	District Four Road and Bridge Fund	District Five Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property taxes	\$ 4,011,126	106,607	265,432	195,902	1,060,203	5,639,270
Road and bridge privilege taxes		13,882	34,563	25,509	44,089	118,043
Licenses, commissions and other receipts	157,949				3,274	161,223
Fines and forfeitures	93,445					93,445
Intergovernmental receipts	536,047	85,490	184,239	139,618	696,427	1,641,821
Charges for services	149,134				324,780	473,914
Interest income	30,384				455	30,839
Miscellaneous receipts	135,700			12,831	22,462	170,993
Total Receipts	5,113,785	205,979	484,234	373,860	2,151,690	8,329,548
DISBURSEMENTS						
General government	2,487,978				3,204	2,491,182
Public safety	1,494,012				55,689	1,549,701
Public works	42,180	157,506	334,078	271,970	1,039,234	1,844,968
Health and welfare	192,774					192,774
Culture and recreation	74,107				29,379	103,486
Education	159,256				469,859	629,115
Conservation of natural resources	126,751					126,751
Economic development and assistance	47,414				210,493	257,907
Debt service:						
Principal	286,682	33,284	73,480	42,654	108,847	544,947
Interest	107,225	14,461	20,564	18,840	42,754	203,844
Total Disbursements	5,018,379	205,251	428,122	333,464	1,959,459	7,944,675

Excess (Deficiency) of Receipts over (under) Disbursements	<u>95,406</u>	<u>728</u>	<u>56,112</u>	<u>40,396</u>	<u>192,231</u>	<u>384,873</u>
OTHER CASH SOURCES (USES)						
Proceeds from long-term debt issuance	73,241	20,860	20,860			114,961
Transfers in	38,783				695,977	734,760
Transfers out	<u>(695,977)</u>				<u>(38,783)</u>	<u>(734,760)</u>
Total Other Cash Sources and Uses	<u>(583,953)</u>	<u>20,860</u>	<u>20,860</u>	<u>0</u>	<u>657,194</u>	<u>114,961</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	(488,547)	21,588	76,972	40,396	849,425	499,834
Cash Basis Fund Balances - Beginning*	<u>832,130</u>	<u>279,631</u>	<u>413,894</u>	<u>375,770</u>	<u>(534,462)</u>	<u>1,366,963</u>
Cash Basis Fund Balances - Ending	<u>\$ 343,583</u>	<u>301,219</u>	<u>490,866</u>	<u>416,166</u>	<u>314,963</u>	<u>1,866,797</u>

*Cash Basis Fund Balances - Beginning will not agree to prior year due to the County electing to present the basic financial statements on the cash basis of accounting for the fiscal year ended September 30, 2018 (See Note 2).

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

NOXUBEE COUNTY
Statement of Fiduciary Assets and Liabilities - Cash Basis
September 30, 2018

Exhibit 5

	Agency Funds
ASSETS	
Cash	\$ 155,420
Total Assets	<u>155,420</u>
LIABILITIES	
Amounts held in custody for others	155,420
Total Liabilities	<u>\$ 155,420</u>

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

NOXUBEE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

(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. The financial statements of the County are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. These accounting principles require 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 applicable to the County's cash basis of accounting.

- 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 – Cash Basis and a Statement of Activities – Cash Basis, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental receipts and other nonexchange receipts.

The Statement of Net Position – Cash Basis presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities – Cash Basis presents a comparison between direct disbursements and program receipts for each function or program of the County's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or

NOXUBEE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other receipts not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund balances, receipts and disbursements. 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, Governmental Funds and Fiduciary Funds financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

The County reports the following major Governmental Funds:

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

District Three Road and Bridge Fund - This fund is used to account for monies from specific revenue sources that are restricted for road and bridge maintenance in District Three of the County.

District Four Road and Bridge Fund - This fund is used to account for monies from specific revenue sources that are restricted for road and bridge maintenance in District Four of the County.

District Five Road and Bridge Fund - This fund is used to account for monies from specific revenue sources that are restricted for road and bridge maintenance in District Five of the County.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPE

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

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, 2018

FIDUCIARY FUND TYPE

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

D. Account Classifications.

The account 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.

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

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

F. Equity Classifications.

Government-wide Financial Statements:

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

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

Unrestricted net position - All other net position not meeting the definition of "restricted."

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

NOXUBEE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

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

Fund Balance Flow Assumption:

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

G. Property Tax Receipts.

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

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

(2) Change in Accounting Principle.

Prior to October 1, 2017, the County's financial statements were prepared using the accrual basis of accounting. For the fiscal year ended September 30, 2018, the basic financial statements are prepared on a cash basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2018, was \$2,022,217, and the bank balance was \$2,068,601. 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).

NOXUBEE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

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 Transfers.

The following is a summary of interfund transfers for the year ended September 30, 2018:

Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 38,783
Other Governmental Funds	General Fund	695,977
Total		\$ <u>734,760</u>

The principal purpose of interfund transfers was to eliminate cash deficits in funds included in the general depository pooled bank account. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2018, to January 1, 2019. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(6) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the disbursements of resources for allowable purposes. The County may be responsible for any disallowances.

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

NOXUBEE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

(7) 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. The joint venture was created to provide a regional disposal site for solid waste. The Noxubee County Board of Supervisors appoints one of the 38 members of the board of directors. The authority is funded by user fees based on the volume of solid waste. Complete financial statements for the Golden Triangle Regional Solid Waste Management Authority can be obtained from P.O. Drawer DN, Mississippi State, MS 39762.

(8) 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 contributed \$25,000 for support of the agency in fiscal year 2018.

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 contributed \$44,736 in administrative support for the agency in fiscal year 2018.

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 contributed \$381,755 for maintenance and support for the college in fiscal year 2018.

(9) Defined Benefit 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 *Mississippi Code of 1972 Annotated, Section 25-11-1 et seq.*, 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.

NOXUBEE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

Funding Policy. At September 30, 2018, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2018 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2018, 2017 and 2016 were \$345,562, \$349,182 and \$338,459, respectively, equal to the required contributions for each year.

(10) Tax Abatements.

As of September 30, 2018, Noxubee County provides tax exempt status to one manufacturing company and seven processing companies 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 2018 totaled \$103,127.

NOXUBEE COUNTY

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NOXUBEE COUNTY

SUPPLEMENTARY INFORMATION

NOXUBEE COUNTY

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NOXUBEE COUNTY
Schedule of Operating Costs of Solid Waste
For the Year Ended September 30, 2018

Operating Disbursements, Cash Basis:

Salaries	\$	86,034
Expendable Commodities:		
Gasoline and petroleum products		2,973
Repair parts		1,541
Office, field, and shop supplies		6,927
Tires		265
Solid waste disposal fees		457,870
Professional fees, legal advertising, and other fees		5,075
Postage and box rent		7,860
Telephone and utilities		1,974
Rentals		42
		<hr/>
Solid Waste Operating Costs Disbursements	\$	<u><u>570,561</u></u>

NOXUBEE COUNTY

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NOXUBEE COUNTY

OTHER 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, 2018
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 3,957,661	3,957,661	4,011,126	53,465
Licenses, commissions and other receipts	139,900	139,900	157,949	18,049
Fines and forfeitures	85,000	85,000	93,445	8,445
Intergovernmental receipts	462,500	462,500	536,047	73,547
Charges for services	106,000	106,000	149,134	43,134
Interest income	30,000	30,000	30,384	384
Miscellaneous receipts	33,600	33,600	135,700	102,100
Total Receipts	<u>4,814,661</u>	<u>4,814,661</u>	<u>5,113,785</u>	<u>299,124</u>
DISBURSEMENTS				
Current:				
General government	2,810,841	2,995,344	2,487,978	507,366
Public safety	1,577,858	1,393,355	1,494,012	(100,657)
Public works	4,800	4,800	42,180	(37,380)
Health and welfare	196,540	196,540	192,774	3,766
Culture and recreation	96,000	96,000	74,107	21,893
Education	177,500	177,500	159,256	18,244
Conservation of natural resources	132,621	132,621	126,751	5,870
Economic development and assistance	51,561	51,561	47,414	4,147
Debt service:				
Principal			286,682	(286,682)
Interest			107,225	(107,225)
Total Disbursements	<u>5,047,721</u>	<u>5,047,721</u>	<u>5,018,379</u>	<u>29,342</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(233,060)</u>	<u>(233,060)</u>	<u>95,406</u>	<u>328,466</u>
OTHER CASH SOURCES (USES)				
Proceeds from debt			73,241	73,241
Transfers in	314,000	314,000	38,783	(275,217)
Transfers out			(695,977)	(695,977)
Total Other Cash Sources and Uses	<u>314,000</u>	<u>314,000</u>	<u>(583,953)</u>	<u>(897,953)</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>80,940</u>	<u>80,940</u>	<u>(488,547)</u>	<u>(569,487)</u>
Cash Basis Fund Balances - Beginning	<u>574,239</u>	<u>574,239</u>	<u>832,130</u>	<u>257,891</u>
Cash Basis Fund Balances - Ending	<u>\$ 655,179</u>	<u>655,179</u>	<u>343,583</u>	<u>(311,596)</u>

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

NOXUBEE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 District Three Road and Bridge Fund
 For the Year Ended September 30, 2018
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 102,511	102,511	106,607	4,096
Road and bridge privilege taxes	11,989	11,989	13,882	1,893
Intergovernmental receipts	68,601	68,601	85,490	16,889
Total Receipts	183,101	183,101	205,979	22,878
DISBURSEMENTS				
Current:				
Public works	183,102	183,102	157,506	25,596
Debt service:				
Principal			33,284	(33,284)
Interest			14,461	(14,461)
Total Disbursements	183,102	183,102	205,251	(22,149)
Excess (Deficiency) of Receipts over (under) Disbursements	(1)	(1)	728	729
OTHER CASH SOURCES (USES)				
Proceeds from long-term debt issuance			20,860	20,860
Total Other Cash Sources and Uses	0	0	20,860	20,860
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	(1)	(1)	21,588	21,589
Cash Basis Fund Balances - Beginning	320,591	320,591	279,631	(40,960)
Cash Basis Fund Balances - Ending	\$ 320,590	320,590	301,219	(19,371)

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

NOXUBEE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 District Four Road and Bridge Fund
 For the Year Ended September 30, 2018
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 255,231	255,231	265,432	10,201
Road and bridge privilege taxes	29,849	29,849	34,563	4,714
Intergovernmental receipts	155,449	155,449	184,239	28,790
Total Receipts	<u>440,529</u>	<u>440,529</u>	<u>484,234</u>	<u>43,705</u>
DISBURSEMENTS				
Current:				
Public works	440,528	440,528	334,078	106,450
Debt service:				
Principal			73,480	(73,480)
Interest			20,564	(20,564)
Total Disbursements	<u>440,528</u>	<u>440,528</u>	<u>428,122</u>	<u>12,406</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>1</u>	<u>1</u>	<u>56,112</u>	<u>56,111</u>
OTHER CASH SOURCES (USES)				
Proceeds from long-term debt issuance			20,860	20,860
Total Other Cash Sources and Uses	<u>0</u>	<u>0</u>	<u>20,860</u>	<u>20,860</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>1</u>	<u>1</u>	<u>76,972</u>	<u>76,971</u>
Cash Basis Fund Balances - Beginning	<u>295,772</u>	<u>295,772</u>	<u>413,894</u>	<u>118,122</u>
Cash Basis Fund Balances - Ending	<u>\$ 295,773</u>	<u>295,773</u>	<u>490,866</u>	<u>195,093</u>

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

NOXUBEE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 District Five Road and Bridge Fund
 For the Year Ended September 30, 2018
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 188,372	188,372	195,902	7,530
Road and bridge privilege taxes	22,030	22,030	25,509	3,479
Intergovernmental receipts	116,683	116,683	139,618	22,935
Miscellaneous receipts			12,831	12,831
Total Receipts	<u>327,085</u>	<u>327,085</u>	<u>373,860</u>	<u>46,775</u>
DISBURSEMENTS				
Current:				
Public works	327,085	421,772	271,970	149,802
Debt service:				
Principal			42,654	(42,654)
Interest			18,840	(18,840)
Total Disbursements	<u>327,085</u>	<u>421,772</u>	<u>333,464</u>	<u>88,308</u>
Excess (Deficiency) of Receipts over (under) Disbursements	0	(94,687)	40,396	135,083
Cash Basis Fund Balances - Beginning	<u>359,515</u>	<u>359,515</u>	<u>375,770</u>	<u>16,255</u>
Cash Basis Fund Balances - Ending	<u>\$ 359,515</u>	<u>264,828</u>	<u>416,166</u>	<u>151,338</u>

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

NOXUBEE COUNTY
Schedule of Interfund Loans and Advances
For the Year Ended September 30, 2018
UNAUDITED

The following is a summary of interfund balances at September 30, 2018:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at Sept. 30, 2018
General Fund	Other Governmental Funds	\$ 795,126
District Three Road and Bridge Fund	Other Governmental Funds	<u>14,160</u>
Total		<u>\$ 809,286</u>

The receivables primarily represent amounts received from various funds to cover deficit cash balances. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at Sept. 30, 2018
General Fund	Other Governmental Funds	\$ 183,530
General Fund	Agency Funds	9,285
Other Governmental Funds	General Fund	207,988
Agency Funds	General Fund	<u>4,323</u>
Total		<u>\$ 405,126</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
Schedule of Capital Assets
For the Year Ended September 30, 2018
UNAUDITED

Governmental activities:

	Balance Oct. 1, 2017	Additions	Adjustments*	Balance Sept. 30, 2018
Land	\$ 267,367			267,367
Construction in progress	2,950,456		(2,950,456)	0
Infrastructure	18,817,687		2,950,456	21,768,143
Buildings	10,018,283			10,018,283
Improvements other than buildings	77,358			77,358
Mobile equipment	2,420,897	75,105	324,951	2,820,953
Furniture and equipment	1,216,781		122,644	1,339,425
Leased property under capital leases	2,176,983	297,620	(391,873)	2,082,730
Total capital assets	\$ <u>37,945,812</u>	<u>372,725</u>	<u>55,722</u>	<u>38,374,259</u>

*Adjustments are to correct prior year errors in capital asset records and for the reclassification of completed construction in progress and paid-off capital leases.

NOXUBEE COUNTY
Schedule of Changes in Short-term Debt
For the Year Ended September 30, 2018
UNAUDITED

The following is a summary of changes in short-term liabilities for the year ended September 30, 2018:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2017	Issued	Principal Payments	Balance Sept. 30, 2018
Governmental Activities:							
Tax anticipation loan	10/1/2017	2/23/2018	2.97%	\$	300,000	300,000	0
Tax anticipation loan	10/1/2017	2/23/2018	2.51%		85,804	85,804	0
Total				\$ 0	385,804	385,804	0

NOXUBEE COUNTY
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2018
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2018:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2017	Issued	Principal Payments	Balance Sept. 30, 2018
Governmental Activities:							
A. General Obligation Bonds:							
General obligation jail, series 2014 (USDA)	6/13/2014	6/13/2034	4.125%	\$ 2,220,673		93,012	2,127,661
General obligation road and bridge, series 2014	8/19/2015	9/1/2034	3.00-4.00%	1,540,000		65,000	1,475,000
B. Capital Leases:							
2012 Caterpillar motor grader - refinanced	7/17/2018	6/15/2020	3.58%	88,074		30,104	57,970
2012 Case extendahoe	7/17/2015	7/17/2018	2.04%	20,549		20,549	0
2014 Caterpillar motor grader	10/22/2014	11/22/2019	2.18%	157,278		17,787	139,491
2014 Dodge Ram	12/2/2014	12/2/2019	2.23%	9,611		4,379	5,232
2015 Caterpillar motor grader	7/1/2015	8/1/2020	2.09%	181,829		15,020	166,809
2015 Case motor grader	7/1/2015	7/1/2021	2.09%	75,518		9,578	65,940
2015 Case motor grader	7/1/2015	7/1/2021	2.09%	75,518		9,578	65,940
2015 Caterpillar motor grader	7/1/2015	8/1/2020	2.09%	181,829		16,258	165,571
2016 Chevy Silverado	5/30/2016	5/30/2021	2.29%	10,396		7,330	3,066
2016 JCB backhoe	8/24/2016	9/24/2021	2.28%	77,080		6,566	70,514
2017 Freightliner dump truck	8/24/2016	9/24/2021	2.17%	115,761		6,830	108,931
2017 Western Star dump truck	7/7/2016	8/7/2021	2.26%	117,469		11,505	105,964
2017 Western Star dump truck	7/7/2016	8/7/2021	2.26%	117,469		11,505	105,964
2016 Ford pickup	3/31/2016	3/31/2021	2.16%	20,258		5,636	14,622
2017 Caterpillar motor grader	3/4/2017	4/4/2022	3.49%	231,716		25,661	206,055
2018 Ford F150	1/12/2018	1/23/2023	4.40%		20,860	2,497	18,363
2018 Ford F150	1/12/2018	1/23/2023	4.40%		20,860	2,497	18,363
2018 Freightliner pumper truck	2/27/2018	2/27/2023	4.40%		73,241	15,234	58,007
C. Other Loans:							
Negotiable note (E911 & Sportsplex)	12/30/2013	12/30/2018	3.50%	168,421		168,421	0
Total				\$ 5,409,449	114,961	544,947	4,979,463

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

NOXUBEE COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2018
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
Naquietta Conner	Deputy Circuit Clerk	Western Surety Company	\$10,000
Desiree D. Wells	Deputy Circuit Clerk	Travelers Casualty and Surety Company	\$10,000
Terry Grassaree	Sheriff	Western Surety Company	\$100,000
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	U.S. Fidelity & Guaranty Company	\$50,000
Betty Chandler	Deputy Justice Court Clerk	Travelers Casualty and 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	\$50,000
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

Notes to the Other Information For the Year Ended September 30, 2018 UNAUDITED

(1) Budgetary Comparison Information.

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Excess of Actual Disbursements Over Budget in Individual Funds.

The following funds had an excess of actual disbursements over budget for the year ended September 30, 2018:

<u>Fund</u>	<u>Excess</u>
District Three Road and Bridge Fund	\$ 22,149

The District Three Road and Bridge Fund is in violation of *Section 19-11-17, Mississippi Code of 1972 Annotated*. However, the County has no obligation associated with this violation.

(2) Long-term Debt Information:

A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2018, the amount of outstanding debt was equal to 4.82 percent (4.82%) of the latest property assessments.

B. 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:

NOXUBEE COUNTY

Notes to the Other Information
For the Year Ended September 30, 2018
UNAUDITED

Description	Balance at Sept. 30, 2018
General obligation community hospital bond (2009)	\$ 2,313,113

C. Subsequent Events.

Subsequent to September 30, 2018, the County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
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

SPECIAL REPORTS

NOXUBEE COUTY

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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 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 cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Noxubee County, Mississippi (the County), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 11, 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 applicable to the County's cash basis of accounting 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.

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 2018-001, 2018-002, and 2018-003 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 2018-004 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 2018-001 and 2018-002.

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 December 11, 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

December 11, 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 the bid requirements of *Section 31-7-13, Mississippi Code of 1972 Annotated* during the year ended September 30, 2018. 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.

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 Yes

Criteria *Section 31-7-124, Mississippi Code of 1972 Annotated*, 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 As reported in the prior year's audit report, the Assistant Receiving Clerk was not bonded during fiscal year 2018.

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)	Assistant receiving clerks will be bonded as required by state statute.

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 fourteen 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.
Cause	The Inventory Control Clerk lacked the necessary control procedures needed to accurately maintain inventory or subsidiary records.
Effect	The failure to maintain adequate subsidiary records 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 correct and maintain capital asset 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	As reported in the prior year's audit report, during of 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 \$65,126. b. The receiving report for 17 purchases totaling \$157,635 was signed by someone other than an authorized receiving clerk. c. The required bids were not documented for four (4) purchases totaling \$28,732.
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 and dated 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) I will do my very best to comply with the purchasing laws.

In our opinion, because of the noncompliance referred to in the preceding paragraph, Noxubee County, Mississippi, did not comply, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2018.

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

December 11, 2023

NOXUBEE COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2018

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, 2018

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, 2018

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 cash basis financial statements of Noxubee County, Mississippi (the County) for the year ended September 30, 2018, 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 December 11, 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 areas 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 Yes

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 As reported in the prior year's audit report, actual expenditures exceeded budgeted amounts by \$22,149 in the District Three Road and Bridge 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)	Budgets will be amended at the end of each fiscal year to properly reflect expenditures.
2.	<u>The original and amended budgets should be entered in detail in the Board of Supervisors' minutes.</u>
Repeat Finding	Yes
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	As reported in the prior year's audit report, during test work, it was noted that the original and amended budgets for fiscal year 2018 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 County will record the detailed budget in the minutes as required.
3.	<u>The Board of Supervisors should not authorize an interest free loan to the Chancery Clerk.</u>
Repeat Finding	Yes
Criteria	The Board of Supervisors has no statutory authority to make an interest free loan to the Chancery Clerk.
Condition	As reported in the prior year's audit report, during test work, it was noted that payroll reimbursements from the former Chancery Clerk to County's General Fund were received by the County between 31 and 57 days after the payroll date, with an average being 43 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 reimbursements are made before payroll checks are issued.
4.	<u>The County should adhere to the requirements governing the use of credit cards.</u>
Repeat Finding	Yes
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	As reported in the prior year's audit report, 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)	When using the credit card the documentation is given to accounts payable to put on file when paying the credit card bill. When doing the travel for each individual, I will keep a copy of all travel receipts, credit card number, and all documentation relating to the credit card.
5.	<u>The Unemployment Compensation Fund's cash balance was below the required amount.</u>
Repeat Finding	Yes
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 reported in the prior year's audit report, as of September 30, 2018, the cash balance in the County's Unemployment Compensation Fund was a deficit in the amount of \$36,576, which was \$49,565 less than the required minimum amount.

Cause	The County did not 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 County will make sure the 2% Unemployment Compensation Fund is funded correctly.
6.	<u>All County funds should be deposited into the designated county depository.</u>
Repeat Finding	No
Criteria	<i>Section 27-105-305, Mississippi Code of 1972 Annotated</i> , requires the county funds and all other funds in the hands of the County Treasurer to be deposited in the qualified depository as designated by the Board of Supervisors.
Condition	On February 23, 2018, the Board of Supervisors selected the bid of BankFirst Financial Services to serve as the county depository for calendar years 2018 and 2019. As of September 30, 2018, the County, through its various offices, had six (6) accounts with a total of \$457,329 on deposit with other financial institutions other than the designated county depository.
Cause	The County did not comply with state law.
Effect	Failure to deposit all county funds in the approved county depository could result in the loss or misappropriation of public funds and places the County in violation of state statute.
Recommendation	The Board of Supervisors should implement procedures to ensure that all County funds are on deposit with the designated county depository.
Views of Responsible Official(s)	The County will make sure that County funds are deposited in approved depositories.
7.	<u>The County should make the appropriate privilege tax settlement payments to the County's School District.</u>
Repeat Finding	No
Criteria	<i>Section 27-19-11, Mississippi Code of 1972 Annotated</i> , requires the County to distribute the proceeds from tax on carriers of property and on buses as they would if these collections were ad valorem taxes.
Condition	During fiscal year 2018, the County did not distribute any of the additional privilege taxes to the County's School District.
Cause	The County did not follow procedures to comply with state law.
Effect	Failure to settle the additional privilege taxes to the County's School District resulted in the County being in direct violation of state law and could result in the loss or misuse of public funds.
Recommendation	The Board of Supervisors should comply with state law to ensure the additional privilege taxes received from the Mississippi Department of Revenue are settled to the County's School District, as required by law.

**Views of Responsible
Official(s)**

The County will settle the additional privilege taxes as required.

8. The County should make the appropriate railcar ad valorem tax settlements to the appropriate taxing districts in compliance with state law.

Repeat Finding

No

Criteria

Section 27-35-519, Mississippi Code of 1972 Annotated, requires the Clerk of the Board of Supervisors to apportion the railcar ad valorem taxes to the municipalities and other taxing districts in proportion to the number of miles of railroad in the municipality or other taxing districts to the number of miles of railroad in the entire county.

Condition

According to our tests, we noted that the County did not settle the appropriate railcar ad valorem taxes to the municipalities and other taxing districts in fiscal year 2018.

Cause

The County did not comply with state law.

Effect

Failure to correctly apportion and settle the railcar taxes to the municipalities and other taxing districts resulted in incorrect settlement amounts and could result in the misappropriation of public funds.

Recommendation

The Board of Supervisors should implement procedures to ensure the apportionment and settlement of railcar taxes is computed in compliance with state law.

**Views of Responsible
Official(s)**

The County distributed railcar taxes in accordance with *Section 27-35-519*.

Auditor's Note

Although the County did settle railcar taxes to the municipalities and other taxing districts, the settlements to each entity were not computed in compliance with state law and, therefore, were not for the correct amounts.

9. The Board of Supervisors should strengthen controls to ensure compliance of accounting for restricted funds.

Repeat Finding

No

Criteria

Sections 19-5-313 and 19-5-333(c)(ii), Mississippi Code of 1972 Annotated, require that 911 and E911 service fees be used to provide 911 and E911 service in the county. Therefore, these service fees should be accounted for in a separate fund so that disbursement of fees can be specifically identified.

Condition

The Board of Supervisors receipted the 911 and E911 service fees into the General Fund, which is considered unrestricted.

Cause

The County did not comply with state law.

Effect

Failure to correctly receipt restricted funds into a separate restricted fund could result in the misappropriation and misuse of restricted funds.

Recommendation

The Board of Supervisors should create a separate restricted fund to account for monies received from the 911 and E911 service fees.

**Views of Responsible
Official(s)**

The County will put 911 fees in a separate fund.

Board of Supervisors and Constables.

10.	<u>All Constables should be bonded as required by state statute.</u>
Repeat Finding	Yes
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).
Condition	As reported in the prior year's audit report, during our audit, we noted that one of the constables was not bonded for fiscal year 2018.
Cause	The County did not comply with the state law.
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.
Recommendation	The Board of Supervisors should implement procedures to ensure all constables are bonded in accordance with state law.
Views of Responsible Official(s)	The County will make sure Constables are properly bonded.

Board of Supervisor and Justice Court Judge.

11.	<u>All Justice Court Judges should be bonded as required by state statute.</u>
Repeat Finding	Yes
Criteria	<i>Section 9-11-7, Mississippi Code of 1972 Annotated</i> , 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, <i>Section 25-1-15(1), Mississippi Code of 1972 Annotated</i> , 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	As reported in the prior year's audit report, during our audit, we noted that one of the Justice Court Judges was bonded for 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)	Justice Court Judges will be properly bonded before taking office.

Board of Supervisors and Circuit Clerk.

12.	<u>The Circuit Clerk should be bonded as required by state statute.</u>
Repeat Finding	Yes
Criteria	<i>Section 9-7-121, Mississippi Code of 1972 Annotated</i> , 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, <i>Section 25-1-15(1), Mississippi Code of 1972 Annotated</i> , 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	As reported in the prior year's audit report, 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)	If our Chancery Clerk had explained to me the proper way to get the bond for the Clerk and Deputies, this would not have happened. The Chancery Clerk would only tell me you need to get you a bond for yourself and your deputies or give me the information concerning the bonds.
Auditor's Note	Per <i>Section 9-7-121, Mississippi Code of 1972 Annotated</i> , it is the Circuit Clerk's responsibility to obtain an individual bond.

Board of Supervisors and Deputy Circuit Clerks.

13.	<u>The Deputy Circuit Clerks should be bonded as required by state statute.</u>
Repeat Finding	Yes
Criteria	<i>Section 9-7-123(2), Mississippi Code of 1972 Annotated</i> , requires that all Deputy Circuit Clerks be bonded for a minimum of Fifty Thousand Dollars (\$50,000). Furthermore, <i>Section 25-1-15(2), Mississippi Code of 1972 Annotated</i> , 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	As reported in the prior year's audit report, 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 Circuit Clerks, before he/she enters upon the duties of the appointment, shall take the oath of office, and shall have bond, with sufficient surety, to be payable, conditioned and approved as provided by law. As I stated before, I was never told about the bonding process for the Deputy Clerks.

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

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

Repeat Finding Yes

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 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 As reported in the prior year's audit report, during our audit, we noted that the Justice Court Clerk was bonded for an indefinite period of time and the Deputy Justice Court Clerk was not bonded for the entire year.

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)**

As of this finding, the Justice Court Clerk agrees to make available the required bonds for the deputy clerk and the clerk herself.

Board of Supervisors and Deputy Tax Collectors.

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

Repeat Finding Yes

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 provided by law in an amount not less than Fifty Thousand Dollars (\$50,000).

Condition As reported in the prior year's audit report, 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)

I will ensure that all Deputy Tax Collectors are bonded in accordance with state law.

Chancery Clerk.

16. The Chancery Clerk should reconcile bank statements for land redemption on a monthly basis.

Repeat Finding No

Criteria An effective system of internal control over cash should include the reconciliation of land redemption bank accounts on a monthly basis.

Condition The bank statements for the land redemption account were not reconciled.

Cause The Chancery Clerk lacked the necessary internal controls over cash.

Effect Failure to properly reconcile the land redemption bank account could result in the loss or misappropriation of public funds.

Recommendation The Chancery Clerk should implement procedures to ensure the land redemption bank account is reconciled each month.

View of Responsible Official(s)

To fix the issue of reconciling my account, I will create a spreadsheet each month to clearly show what checks are still outstanding instead of manually checking.

Former Chancery Clerk.

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

Repeat Finding Yes

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 As reported in the prior year's audit report, the Chancery Clerk claimed expenses in the amount of \$24,800 for which there was no documentation, and were therefore unallowable on the 2018 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 \$24,800.

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, \$24,800 in unallowable expenses was due to the County's General Fund.
18.	<u>The former Chancery Clerk should maintain a complete and accurate fee journal and reconcile bank statements to the fee journal.</u>
Repeat Finding	No
Criteria	An effective system of internal control should include maintaining a complete and accurate fee journal and reconciling the monthly bank statements.
Condition	During our audit, we noted a difference of \$21,256 between the bank balance recorded in the fee account cash journal and the reconciled bank balance.
Cause	The former Chancery Clerk lacked the necessary internal controls to ensure the bank statements are reconciled to the fee account cash journal.
Effect	The failure to maintain a complete and accurate fee journal and to reconcile the bank statements to the fee journal could result in the loss or misappropriation of public funds, understatement of income and inaccurate settlements of over the cap fee income to the County's General Fund.
Recommendation	The former Chancery Clerk should implement controls to ensure the fee journal is properly maintained and reconciled to the monthly bank statements.
Views of Responsible Official(s)	I was not aware of this situation.
19.	<u>The former Chancery Clerk should only receive payment for Board of Supervisors' meetings attended.</u>
Repeat Finding	No
Criteria	<i>Section 25-7-9(1)(f), Mississippi Code of 1972 Annotated</i> , allows the Chancery Clerk to be paid, for each day's attendance on the Board of Supervisors, for herself and one deputy, \$20 each (\$40 per day total), provided the Clerk and the deputy actually attend the meeting.
Condition	During our audit, we noted that the former Chancery Clerk was paid \$40 per day for the attendance of herself and a deputy at 37 Board of Supervisors' meetings in calendar year 2018 for a total of \$1,480. However, the Board of Supervisors' minutes indicate that neither the former Chancery Clerk nor a deputy were in attendance at any of the meetings.
Cause	The former Chancery Clerk did not comply with state law.
Effect	Failure to comply with state law resulted in the Chancery Clerk being paid by \$1,480 in excess of the statutory allowance.
Recommendation	The former Chancery Clerk should implement procedures to ensure all payments received are in compliance with state law.
Views of Responsible Official(s)	I paid the Payroll Clerk \$200 per month to attend Board meetings.
Auditor's Note	The Payroll Clerk was not sworn in as a Deputy Chancery Clerk, and therefore, per <i>Section 25-7-9(1)(f), Mississippi Code of 1972 Annotated</i> , was not allowed to receive such payment.

Circuit Clerk.

20. The Circuit Clerk should submit an Annual Financial Report as required by state statute.

Repeat Finding No

Criteria *Section 9-1-45(1), Mississippi Code of 1972 Annotated*, requires the Circuit Clerk to file a true and accurate annual report with the Office of the State Auditor no later than April 15 each year. The form shall include the following information: (a) revenues subject to the salary cap, including fees; (b) revenues not subject to the salary cap; and (c) expenses of office, including any salary paid to a clerk's spouse or children. Each Circuit Clerk shall provide any additional information requested by the Public Employees' Retirement System for the purpose of retirement calculations.

Condition An Annual Financial Report for calendar year 2018 was not filed with the Office of the State Auditor on or before April 15, 2019.

Cause The Circuit Clerk did not comply with state laws.

Effect The failure to submit an Annual Financial Report to the Office of the State Auditor could result in the loss or misappropriation of public funds, understatement of income and inaccurate settlements of over the cap fee income the County's General Fund.

Recommendation The Circuit Clerk should implement procedures to ensure an Annual Financial Report is submitted to the Office of the State Auditor no later than April 15 of each year.

Views of Responsible Official(s) Annual Financial Report attached.

Auditor's Note Although the Circuit Clerk was able to provide a copy of the Annual Financial Report for calendar year 2018, there is no record of the report being filed with the Office of the State Auditor.

21. The Circuit Clerk claimed an unallowable expense on the Annual Financial Report.

Repeat Finding Yes

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 As reported in the prior year's audit report, the Circuit Clerk claimed \$205 for an unallowable expense on the 2018 Annual Financial Report. This expense was unallowable due to insufficient documentation.

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 \$205.

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

Views of Responsible

Official(s)

I am still trying to locate the receipt given to me.

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

Exception Issued On:

Mary Shelton, Former Chancery Clerk

Nature of Exception:

See Finding #17 described in this report.

Amount of Exception:

\$24,800

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.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

December 11, 2023

NOXUBEE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

NOXUBEE COUNTY

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NOXUBEE COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2018

Section 1: Summary of Auditor's Results

Financial Statements:

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

Governmental activities	Unmodified
Aggregate discretely presented component units	Adverse
General Fund	Unmodified
District Three Road and Bridge Fund	Unmodified
District Four Road and Bridge Fund	Unmodified
District Five Road and Bridge Fund	Unmodified
Aggregate remaining fund information	Unmodified

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

Material Noncompliance

2018-001. The County signed warrants without sufficient funds.

Repeat Finding Yes

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

Condition As reported in the prior year's audit report, warrants were issued on funds which did not have sufficient money to pay the warrants. As of September 30, 2018, the following funds had negative cash balances:

- a. MDAH – Two Old Jails Rehab Project Fund - \$5,855
- b. USDA – Tower Grant Fund - \$33,732
- c. MDAH Grant – Courthouse Rehab Fund - \$62,120
- d. Recreational Trail Fund - \$19,224
- e. Library Elevator Grant Fund - \$8,258
- f. ARC Grant Fund - \$69,062
- g. Noxubee General Hospital Fund - \$13,234
- h. Youth Court Administrative Grant Fund - \$48,722
- i. Volunteer Fire Fund - \$23,567
- j. 2% Unemployment Compensation Fund - \$36,576
- k. Multi-Purpose Building Fund - \$103,308
- l. Tombigbee Economic Development Grant Fund - \$15,551

NOXUBEE COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2018

- m. Civic Center Fund - \$255,425
- n. Arena Fund - \$35,883
- o. Rodeo Fund - \$10,000
- p. State Aid Road Projects Fund - \$42,180
- q. JAG Grant Fund - \$3,626
- r. Law Library Fund -\$1,834

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 being 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)	The County will make sure funds are available before issuing warrants and make transfers as necessary.

Material Weakness Material Noncompliance

2018-002.	<u>Controls over the repayment of interfund advances should be strengthened.</u>
Repeat Finding	Yes
Criteria	The Mississippi Code is silent regarding the authority of the County to make interfund loans.
Condition	As reported in the prior year's audit report, 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, 2018.
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)	The County will make sure loans are properly repaid.

NOXUBEE COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2018

Material Weakness

2018-003.	<u>Bank reconciliations should be performed in a timely manner.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control over cash should include the timely reconciliation of bank statements to the County's records.
Condition	As reported in the prior year's audit report, 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 will reconcile bank accounts in a timely manner.

Justice Court Clerk.

Significant Deficiency

2018-004.	<u>The Justice Court Clerk should establish adequate segregation of duties.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control over cash should include adequate segregation of duties.
Condition	As reported in the prior year's audit report, 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)	Other office personnel are performing tasks such as preparing deposits and putting them in the bank. Other personnel are learning how to post to the cash journals. Other duties pertaining to reconciling the bank statement and check writing for distribution for restitution is assigned to the account holder, which is the Justice Court Clerk or Chancery Clerk.