

# NEWTON COUNTY, MISSISSIPPI

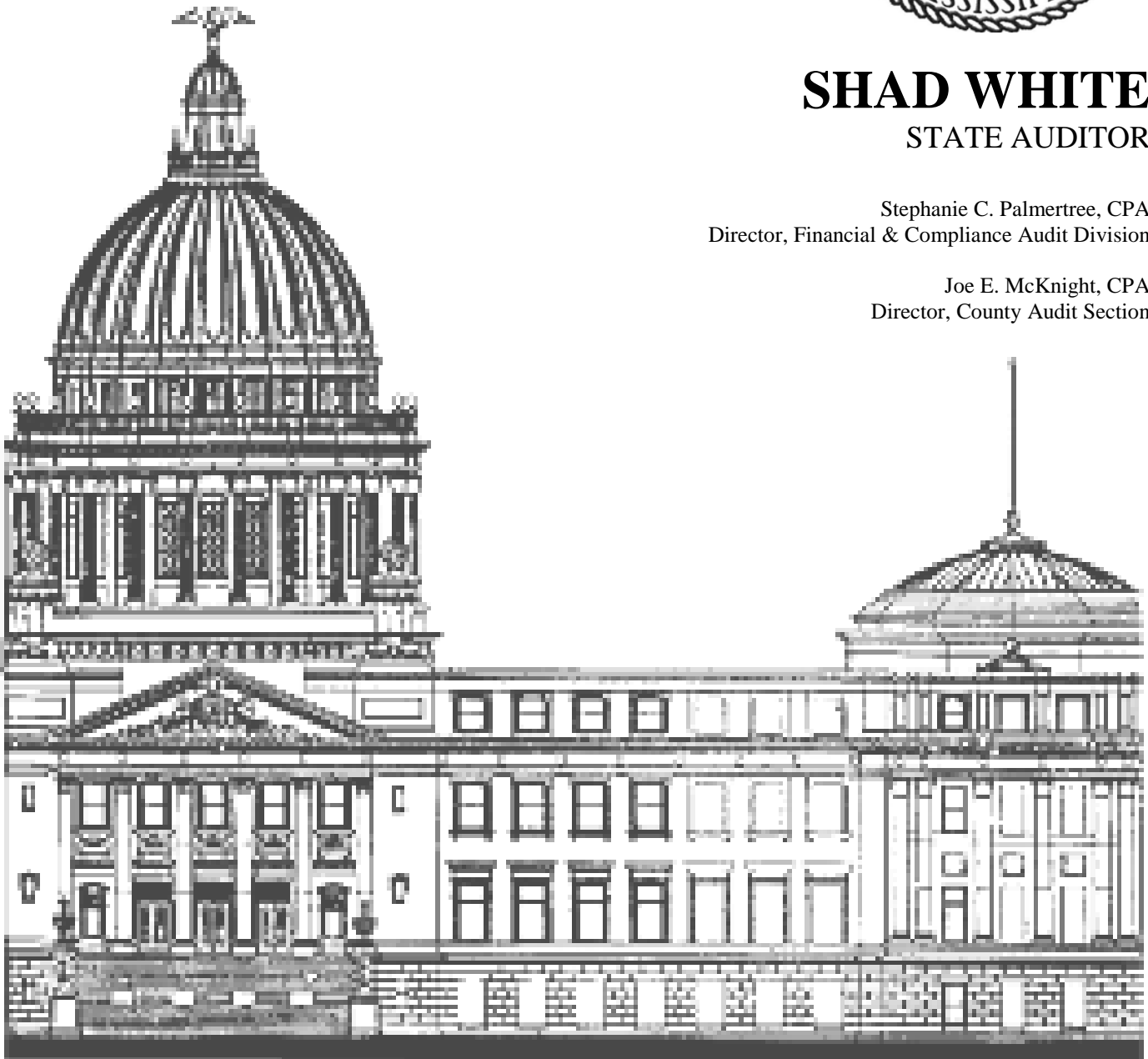
Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2019



**SHAD WHITE**  
STATE AUDITOR

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

Joe E. McKnight, CPA  
Director, County Audit Section



A Report from the County Audit Section

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**Shad White**  
AUDITOR

July 19, 2021

Members of the Board of Supervisors  
Newton County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2019 financial and compliance audit report for Newton County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

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

Shad White



NEWTON COUNTY

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NEWTON COUNTY

FINANCIAL SECTION



NEWTON 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  
Newton County, Mississippi

**Report on the Financial Statements**

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of Newton County, Mississippi, (the County) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting, as described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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

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

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

### ***Unmodified 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, the business-type activities, the major fund, and the aggregate remaining fund information of Newton County, Mississippi, as of September 30, 2019, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

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

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

### ***Other Matters***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2021 on our consideration of Newton County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Newton 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 Newton County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

July 19, 2021

NEWTON COUNTY

FINANCIAL STATEMENTS

NEWTON COUNTY

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Newton County  
Statement of Net Position - Cash Basis  
September 30, 2019

Exhibit 1

	Primary Government	
	Governmental	Business-type
	Activities	Activities
		Total
ASSETS		
Cash	\$ 5,666,413	105,489
Total Assets	<u>5,666,413</u>	<u>5,771,902</u>
NET POSITION		
Restricted:		
Expendable:		
General government	687,074	687,074
Public safety	194,295	194,295
Public works	2,163,525	105,489
Culture and Recreation	20,355	20,355
Debt service	79,518	79,518
Unrestricted	<u>2,521,646</u>	<u>2,521,646</u>
Total Net Position	<u>\$ 5,666,413</u>	<u>5,771,902</u>

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

NEWTON COUNTY  
Statement of Activities - Cash Basis  
For the Year Ended September 30, 2019

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		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 3,480,284	387,650	14,079		(3,078,555)		(3,078,555)
Public safety	2,745,822	332,166	127,513		(2,286,143)		(2,286,143)
Public works	3,284,156		771,601	652,287	(1,860,268)		(1,860,268)
Health and welfare	190,518		17,047	67,923	(105,548)		(105,548)
Culture and recreation	83,024				(83,024)		(83,024)
Education	370,261				(370,261)		(370,261)
Conservation of natural resources	166,650				(166,650)		(166,650)
Economic development and assistance	45,189				(45,189)		(45,189)
Debt service:							
Principal	659,636				(659,636)		(659,636)
Interest	69,267				(69,267)		(69,267)
Total Governmental Activities	11,094,807	719,816	930,240	720,210	(8,724,541)	0	(8,724,541)
Business-type activities:							
Solid Waste	1,146,354	793,152				(353,202)	(353,202)
Total Business-type Activities	1,146,354	793,152	0	0		(353,202)	(353,202)
Total Primary Government	\$ 12,241,161	1,512,968	930,240	720,210	(8,724,541)	(353,202)	(9,077,743)
General receipts:							
Property taxes					\$ 7,224,107		7,224,107
Road & bridge privilege taxes					259,671		259,671
Grants and contributions not restricted to specific programs					751,119	15,313	766,432
Unrestricted interest income					118,593	3,950	122,543
Miscellaneous					544,073	2,667	546,740
Proceeds from debt issuance					871,076	161,836	1,032,912
Sale of county property					37,982	100,000	137,982
Compensation for loss of county property					15,717		15,717
Total General Receipts and Other Cash Sources					9,822,338	283,766	10,106,104
Changes in Net Position					1,097,797	(69,436)	1,028,361
Net Position - Beginning					4,568,616	174,925	4,743,541
Net Position - Ending					\$ 5,666,413	105,489	5,771,902

NEWTON COUNTY  
 Statement of Cash Basis Assets and Fund Balances  
 Governmental Funds  
 September 30, 2019

Exhibit 3

	<u>Major Fund</u>		
	General	Other	Total
	Fund	Governmental	Governmental
		Funds	Funds
ASSETS			
Cash	\$ 3,047,031	2,619,382	5,666,413
Total Assets	<u>3,047,031</u>	<u>2,619,382</u>	<u>5,666,413</u>
FUND BALANCES			
Restricted for:			
General government	363,756	323,318	687,074
Public safety	161,629	32,666	194,295
Public works		2,163,525	2,163,525
Culture and recreation		20,355	20,355
Debt service		79,518	79,518
Unassigned	2,521,646		2,521,646
Total Fund Balances	<u>\$ 3,047,031</u>	<u>2,619,382</u>	<u>5,666,413</u>

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



NEWTON COUNTY

Exhibit 4

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -  
Governmental Funds  
For the Year Ended September 30, 2019

	Major Fund	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
RECEIPTS			
Property taxes	\$ 4,505,839	2,718,268	7,224,107
Road and bridge privilege taxes		259,671	259,671
Licenses, commissions and other receipts	194,332	5,200	199,532
Fines and forfeitures	247,373		247,373
Intergovernmental receipts	991,418	1,410,151	2,401,569
Charges for services	272,911		272,911
Interest income	81,478	37,115	118,593
Miscellaneous receipts	440,329	103,744	544,073
Total Receipts	<u>6,733,680</u>	<u>4,534,149</u>	<u>11,267,829</u>
DISBURSEMENTS			
General government	3,480,284		3,480,284
Public safety	2,348,963	396,859	2,745,822
Public works	300	3,283,856	3,284,156
Health and welfare	114,595	75,923	190,518
Culture and recreation	75,000	8,024	83,024
Education	370,261		370,261
Conservation of natural resources	166,650		166,650
Economic development and assistance	45,189		45,189
Debt service:			
Principal	163,693	495,943	659,636
Interest	12,294	56,973	69,267
Total Disbursements	<u>6,777,229</u>	<u>4,317,578</u>	<u>11,094,807</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(43,549)</u>	<u>216,571</u>	<u>173,022</u>
OTHER CASH SOURCES (USES)			
Proceeds from long-term debt issuance	425,713	445,363	871,076
Sale of county property	10,850	27,132	37,982
Compensation for loss of county property	6,327	9,390	15,717
Transfers in		23,254	23,254
Transfers out	(23,254)		(23,254)
Total Other Cash Sources and Uses	<u>419,636</u>	<u>505,139</u>	<u>924,775</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>376,087</u>	<u>721,710</u>	<u>1,097,797</u>
Cash Basis Fund Balances - Beginning	<u>2,670,944</u>	<u>1,897,672</u>	<u>4,568,616</u>
Cash Basis Fund Balances - Ending	<u>\$ 3,047,031</u>	<u>2,619,382</u>	<u>5,666,413</u>

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

NEWTON COUNTY  
 Statement of Net Position - Cash Basis - Proprietary Fund  
 September 30, 2019

Exhibit 5

	Business-type Activities - <u>Enterprise Fund</u>
	<u>Solid Waste Services Fund</u>
ASSETS	
Cash	\$ <u>105,489</u>
Total Assets	<u>105,489</u>
NET POSITION	
Restricted for:	
Public works	<u>105,489</u>
Total Net Position	\$ <u>105,489</u>

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

NEWTON COUNTY

Exhibit 6

Statement of Cash Receipts, Disbursements and Changes in Net Position - Proprietary Fund

For the Year Ended September 30, 2019

	Business-type Activities - Enterprise Fund
	Solid Waste Services Fund
Operating Receipts	
Charges for services	\$ 793,152
Miscellaneous	2,667
Total Operating Receipts	<u>795,819</u>
Operating Disbursements	
Personal services	504,676
Contractual services	52,280
Materials and supplies	425,113
Indirect administrative cost	27,915
Total Operating Disbursements	<u>1,009,984</u>
Operating Income (Loss)	<u>(214,165)</u>
Nonoperating Receipts (Disbursements)	
Interest income	3,950
Intergovernmental grants	15,313
Sale of county property	100,000
Proceeds from debt	161,836
Principal paid	(129,262)
Interest expense	(7,108)
Net Nonoperating Receipts (Disbursements)	<u>144,729</u>
Changes in Net Position	(69,436)
Net Position - Beginning	<u>174,925</u>
Net Position - Ending	<u>\$ 105,489</u>

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

NEWTON COUNTY  
Statement of Fiduciary Assets and Liabilities - Cash Basis  
September 30, 2019

Exhibit 7

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>54,007</u>
Total Assets	\$ <u><u>54,007</u></u>
LIABILITIES	
Amounts held in custody for others	\$ <u>54,007</u>
Total Liabilities	\$ <u><u>54,007</u></u>

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

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NEWTON COUNTY

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## NEWTON COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2019

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

##### A. Financial Reporting Entity.

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

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

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

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

##### B. Basis of Presentation.

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

##### Government-wide Financial Statements:

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information concerning the County as a whole. The statements include all non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental receipts and other nonexchange receipts and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

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

## NEWTON COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2019

#### Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund balances, receipts and disbursements. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

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

The Government-wide, Governmental Funds, Proprietary 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 Fund:

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

The County reports the following major Enterprise Fund:

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

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

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

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

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

#### PROPRIETARY FUND TYPE

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

## NEWTON COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2019

#### FIDUCIARY FUND TYPE

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

D. Account Classifications.

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

E. Deposits.

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

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

F. Equity Classifications.

Government-wide Financial Statements:

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

*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



## NEWTON COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2019

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

#### Fund Balance Flow Assumption:

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

#### G. Property Tax Receipts.

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

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

#### (2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$5,825,909, and the bank balance was \$6,111,737. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

# NEWTON COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2019

### (3) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2019:

Transfers In/Out:

Transfers In	Transfers Out	Amount
Other Governmental Funds	General Fund	\$ 23,254

The principal purpose of interfund transfers was to provide funds for grant matches and to pay for employee raises.

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

Fund	Deficit Amount
County Road Fund	\$ 25,168

### (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, 2019, to January 1, 2020. 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.

### (7) Joint Venture.

The County participates in the following joint venture:

Newton County is a participant with Kemper County in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the Kemper-Newton Regional Library System. The joint venture was created to provide free public library service to the citizens of the respective counties. The Newton County Board of Supervisors alternately appoints two or three of the five members of the board of directors. By contractual agreement, the County's contribution to the joint venture was \$75,000 in fiscal year 2019. Complete financial statements for the Kemper-Newton Regional Library System can be obtained from 101 Peachtree Street, Union, MS 39365.

## NEWTON COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2019

#### (8) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Mid-Mississippi Development District operates in a district composed of the counties of Clarke, Jasper, Lauderdale, Newton, Scott and Smith. The district was organized to foster, encourage and facilitate economic development in the member counties. The district's board of trustees is composed of 30 members, five each from the six-member counties. The County contributed \$30,300 for support of the district in fiscal year 2019.

East Central Mississippi Planning and Development District operates in a district composed of the Counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Newton County Board of Supervisors appoints one of the 15 members of the board of directors. The County contributed \$13,189 for support of the district in fiscal year 2019.

Region Ten Mental Health-Mental Retardation Commission operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Newton County Board of Supervisors appoints one of the 9 members of the board of commissioners. The County contributed \$29,500 for support of the commission in fiscal year 2019.

The Multi-County Community Service Agency operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Newton, and Wayne. The entity was created to administer programs conducted by community action agencies, limited purposed agencies and related programs authorized by federal law. The Newton County Board of Supervisors appoints one of the 24 members of the board of directors. Most of the funding for the entity is derived from federal funds. Each County provides a modest amount of financial support when matching funds are required for federal grants. The County contributed \$6,000 for support of the agency in the fiscal year 2019.

East Central Community College operates in a district composed of the counties of Leake, Neshoba, Newton, Scott and Winston. The Newton County Board of Supervisors appoints one of the 30 members of the college board of trustees. The County contributed \$510,736 for maintenance and support of the college in fiscal year 2019.

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

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

Funding Policy. At September 30, 2019, 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, 2019 was 17.40% 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, 2019, 2018 and 2017 were \$560,192, \$532,083 and \$518,914, respectively, equal to the required contributions for each year.

#### (10) Tax Abatements.

As of September 30, 2019, Newton County provides tax exempt status to one manufacturing company and one chicken feed mill 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 mill and community college tax levies; however, the one sawmill is a 25% exemption. These exemptions are authorized under section 27-31-101 and 27-31-105 of the Miss. Code Ann (1972). These exemptions encourage businesses to locate or expand operations in the county and to create jobs. The amount of taxes abated during fiscal year 2019 total \$501,338.

## NEWTON COUNTY

## OTHER INFORMATION

NEWTON COUNTY

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NEWTON COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2019  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Property taxes	\$ 4,120,055	4,505,833	4,505,839	6
Licenses, commissions and other receipts	148,700	194,332	194,332	
Fines and forfeitures	214,000	247,373	247,373	
Intergovernmental receipts	879,200	909,062	991,418	82,356
Charges for services	234,500	352,636	272,911	(79,725)
Interest income	17,575	81,481	81,478	(3)
Miscellaneous receipts	326,900	290,164	440,329	150,165
Total Receipts	<u>5,940,930</u>	<u>6,580,881</u>	<u>6,733,680</u>	<u>152,799</u>
<b>DISBURSEMENTS</b>				
Current:				
General government	3,228,298	3,310,139	3,480,284	(170,145)
Public safety	2,497,027	2,419,257	2,348,963	70,294
Public works	300	300	300	
Health and welfare	114,365	114,595	114,595	
Culture and recreation	91,000	75,000	75,000	
Education	270,086	370,261	370,261	
Conservation of natural resources	167,916	166,650	166,650	
Economic development and assistance	43,989	45,189	45,189	
Debt service:				
Principal	186,722	163,688	163,693	(5)
Interest	14,322	12,299	12,294	5
Total Disbursements	<u>6,614,025</u>	<u>6,677,378</u>	<u>6,777,229</u>	<u>(99,851)</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(673,095)</u>	<u>(96,497)</u>	<u>(43,549)</u>	<u>52,948</u>
<b>OTHER CASH SOURCES (USES)</b>				
Proceeds from long-term debt issuance	3,500	402,193	425,713	23,520
Sale of county property		10,850	10,850	
Compensation for loss of county property	15,000	6,327	6,327	
Transfers in	629,178	76,798		(76,798)
Transfers out		(99,584)	(23,254)	76,330
Total Other Cash Sources and Uses	<u>647,678</u>	<u>396,584</u>	<u>419,636</u>	<u>23,052</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(25,417)</u>	<u>300,087</u>	<u>376,087</u>	<u>76,000</u>
Cash Basis Fund Balances - Beginning	<u>1,473,741</u>	<u>679,641</u>	<u>2,670,944</u>	<u>1,991,303</u>
Cash Basis Fund Balances - Ending	<u>\$ 1,448,324</u>	<u>979,728</u>	<u>3,047,031</u>	<u>2,067,303</u>

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

NEWTON COUNTY  
 Schedule of Interfund Loans and Advances  
 For the Year Ended September 30, 2019  
 UNAUDITED

The following is a summary of interfund balances at September 30, 2019:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at Sept. 30, 2019
General Fund	Solid Waste Services Fund	\$ <u>27,915</u>

The receivable represents solid waste indirect costs. 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, 2019
Other Governmental Funds	Other Governmental Funds	\$ <u>334,916</u>

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

NEWTON COUNTY  
 Schedule of Capital Assets  
 For the Year Ended September 30, 2019  
 UNAUDITED

**Governmental activities:**

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments*	Balance Sept. 30, 2019
Land	\$ 245,361				245,361
Infrastructure	1,157,291				1,157,291
Buildings	5,176,075	38,755			5,214,830
Mobile equipment	6,942,035	45,180	111,797	288,835	7,164,253
Furniture and equipment	1,952,538	269,364	702,349	(4,191)	1,515,362
Leased property under capital leases	1,579,714	871,057		(312,650)	2,138,121
Total capital assets	\$ 17,053,014	1,224,356	814,146	(28,006)	17,435,218

\* Adjustments were to reclassify paid-off capital leases to mobile equipment, to transfer furniture and equipment from governmental activities to business-type activities, and to correct prior year errors in capital assets.

**Business-type activities:**

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments*	Balance Sept. 30, 2019
Land	\$ 102,005				102,005
Buildings	71,909				71,909
Mobile equipment	493,977			30,481	524,458
Furniture and equipment	132,138	1,922	778	4,191	137,473
Leased property under capital leases	544,512	235,297	183,228		596,581
Total capital assets	\$ 1,344,541	237,219	184,006	34,672	1,432,426

\* Adjustments were for the transfer of furniture and equipment to business-type activities from governmental activities and to correct prior year errors in capital assets.



NEWTON COUNTY  
 Schedule of Changes in Long-term Debt  
 For the Year Ended September 30, 2019  
 UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2018	Issued	Principal Payments	Balance Sept. 30, 2019
<b>Governmental Activities:</b>							
<b>A. General Obligation Bonds:</b>							
District 4 Road & Bridge Bond 2012	10/2012	10/2027	1.90/2.70%	\$ 412,000		37,000	375,000
G.O. Refunding Bond	03/2012	11/2021	2.43%	695,000		170,000	525,000
District 4 Road & Bridge Bond 2009	11/2008	10/2023	3.80%	210,000		38,000	172,000
District 1 Road & Bridge Bond 2009	11/2009	11/2025	3.90%	220,000		25,000	195,000
<b>B. Capital Leases:</b>							
2016 Dodge Charger	10/2016	11/2019	1.89%	10,913		9,371	1,542
2017 Dodge Charger	01/2017	02/2020	2.49%	10,201		7,153	3,048
Samsung AC/Heater	11/2014	10/2019	1.94%	72,618		66,979	5,639
2015 Ford F250	03/2015	04/2020	1.94%	10,093		6,338	3,755
2016 Chevy Tahoe	01/2016	01/2019	1.64%	3,954		3,954	
(2) 2018 Dodge Chargers	02/2018	02/2021	2.96%	34,216		13,859	20,357
2015 Ambulance	10/2015	10/2020	1.85%	42,284		20,127	22,157
Fire Truck	02/2013	03/2019	1.49%	13,191		13,191	
Fire Truck	01/2016	01/2020	1.89%	130,558		38,304	92,254
District 1 2018 Dodge 1500 pickup	11/2017	11/2022	2.58%	22,947		5,285	17,662
District 1 Cat 420f backhoe	06/2018	06/2021	3.48%	53,793		18,962	34,831
District 2 Sany SY75C mini excavator	09/2017	09/2021	2.32%	53,066		17,280	35,786
District 3 Ford F150 pickup	02/2017	02/2020	2.59%	10,576		7,425	3,151
District 3 John Deere tractor	03/2015	03/2020	1.92%	33,825		22,437	11,388
District 3 Cat 420f backhoe	08/2016	08/2019	1.79%	20,118		20,118	
District 4 Cat 420f backhoe	06/2018	06/2021	3.48%	53,793		18,962	34,831
District 5 John Deere tractor	03/2015	04/2020	1.94%	35,676		22,405	13,271

NEWTON COUNTY  
 Schedule of Changes in Long-term Debt  
 For the Year Ended September 30, 2019  
 UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2018	Issued	Principal Payments	Balance Sept. 30, 2019
<b>Governmental Activities:</b>							
Duffee VFS fire truck	08/2019	09/2024	3.44%		270,044		270,044
District 1 6105E John Deere tractor w/Alamo	02/2019	03/2023	3.75%		116,551	13,469	103,082
District 3 6105E John Deere tractor	01/2019	02/2023	3.75%		58,768	7,978	50,790
911 Equipment	12/2018	12/2023	3.68%		371,753	51,541	320,212
2019 Chevy pickup	07/2019	08/2022	3.59%		30,459	756	29,703
2019 Dodge Charger	03/2019	03/2022	3.60%		23,501	3,742	19,759
Total				\$ 2,148,822	871,076	659,636	2,360,262
<b>Business-type Activities:</b>							
A. Capital Leases:							
2018 Western Star garbage truck	06/2017	7/2022	2.89%	\$ 64,267		16,077	48,190
2015 Freightliner grabage truck	02/2015	2/2020	1.94%	37,222		26,167	11,055
2019 Travis Walking Floor	04/2018	4/2023	3.39%	64,315		13,183	51,132
2019 Western Star Garbage truck	03/2018	3/2023	3.10%	74,918		15,747	59,171
Cat D6K2 LC HD dozer	06/2015	6/2020	1.89%	42,655		42,655	
Landfill dozer	04/2019	4/2024	3.74%		125,326	9,602	115,724
Burroughs Diesel 2008 Western Star	03/2019	3/2022	3.48%		36,510	5,831	30,679
Total				\$ 283,377	161,836	129,262	315,951

NEWTON COUNTY  
 Schedule of Surety Bonds for County Officials  
 For the Year Ended September 30, 2019  
 UNAUDITED

Name	Position	Company	Bond
Kenneth Harris	Supervisor District 1	Travelers Casualty & Surety of America	\$100,000
Joe Alexander	Supervisor District 2	Travelers Casualty & Surety of America	\$100,000
Charles Moulds	Supervisor District 3	Travelers Casualty & Surety of America	\$100,000
Charles Godwin	Supervisor District 4	State Farm Fire and Casualty Company	\$100,000
Glenn Hollingsworth, Jr.	Supervisor District 5	Travelers Casualty & Surety of America	\$100,000
Steve Seale	County Administrator	Travelers Casualty & Surety of America	\$100,000
George Hayes	Chancery Clerk	Western Surety Company	\$100,000
Stephanie McMullan	Purchase Clerk	Travelers Casualty & Surety of America	\$75,000
Pam Upton	Assistant Purchase Clerk	Travelers Casualty & Surety of America	\$50,000
Deborah Parker	Receiving Clerk	Travelers Casualty & Surety of America	\$75,000
Bridget Cater	Assistant Receiving Clerk	Western Surety Company	\$50,000
Lolita Jordan	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Charles Chaney	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Lee Anne McGee	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Willie Earl Curry	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
John Logan Jr.	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Thelma Evans	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Austin Kelly	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Ashley Hasenmueller	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Wayne Loper	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Charles Odell Stagg	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Suzanne Gresset	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Billy Joe Everett	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Robert Wilkinson	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Eddie McMullen	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Bridget Cater	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Amanda Skinner	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Jeffery Cater	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Carl Walters	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
George Hayes	Inventory Control Clerk	Western Surety Company	\$75,000
John Steven Seale	Inventory Control Clerk	Travelers Casualty & Surety of America	\$75,000
Mark Spence	Constable	Travelers Casualty & Surety of America	\$50,000
William D. Collins	Constable	Travelers Casualty & Surety of America	\$50,000
Michael Butler	Circuit Clerk	Travelers Casualty & Surety of America	\$100,000
Donna Hutchins	Deputy Circuit Clerk	Travelers Casualty & Surety of America	\$50,000
Penny Ford	Deputy Circuit Clerk	Travelers Casualty & Surety of America	\$50,000
Jackie Knight	Sheriff	Travelers Casualty & Surety of America	\$100,000
Ronald Robinson	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Benjamin Kelly	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Kris Edward Hollingsworth	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000

NEWTON COUNTY  
 Schedule of Surety Bonds for County Officials  
 For the Year Ended September 30, 2019  
 UNAUDITED

Name	Position	Company	Bond
Andrew Dellapenna	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Freddie Gentry	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Ryan Myers	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Matt Addikison	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Mark A. Spence	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Christopher Arthur	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Peter M. Pierman	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Fredrick Hardy	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Johnathon Ferguson	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Joedy Pennington	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Joseph Haralson	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Matthew Lott	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Travelers Casualty & Surety of America	\$50,000
Mark McDonald	Justice Court Judge	Travelers Casualty & Surety of America	\$50,000
Scott Round	Justice Court Judge	Travelers Casualty & Surety of America	\$50,000
Sue Graham	Justice Court Clerk	Travelers Casualty & Surety of America	\$50,000
Lolita Jordan	Deputy Justice Court Clerk	Travelers Casualty & Surety of America	\$50,000
May Bender	Tax Assessor-Collector	Travelers Casualty & Surety of America	\$100,000
Debra Comans	Deputy Tax Collector	Travelers Casualty & Surety of America	\$50,000
Gina Brand	Deputy Tax Collector	Travelers Casualty & Surety of America	\$50,000
Joyce Amos	Deputy Tax Collector	Travelers Casualty & Surety of America	\$50,000
Joyce Amos	Deputy Tax Assessor	Travelers Casualty & Surety of America	\$10,000

NEWTON COUNTY

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# NEWTON COUNTY

## Notes to Other Information For the Year Ended September 30, 2019 UNAUDITED

### (1) Budgetary Comparison Information.

#### A. Budgetary Information.

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

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

#### B. Basis of Presentation.

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

### (2) Long-term Debt Information:

A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2019, the amount of outstanding debt was equal to .92% of the latest property assessments.

#### B. Subsequent Events.

Subsequent to September 30, 2019, the County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
12/05/2019	3.19%	\$ 34,241	Capital lease	Ad valorem taxes
01/28/2020	3.17%	22,712	Capital lease	Ad valorem taxes
06/30/2020	2.00%-2.50%	5,000,000	General obligation bond	Use Taxes
10/23/2020	1.42%	52,750	Capital lease	Ad valorem taxes
11/18/2020	1.25%	158,000	Capital lease	Ad valorem taxes
11/18/2020	1.14%	154,900	Capital lease	Ad valorem taxes
11/18/2020	1.25%	158,000	Capital lease	Ad valorem taxes
11/18/2020	1.25%	122,500	Capital lease	Ad valorem taxes
11/18/2020	1.14%	154,900	Capital lease	Ad valorem taxes
12/17/2020	1.49%	191,615	Capital lease	Ad valorem taxes
02/03/2021	1.24%	31,000	Capital lease	Ad valorem taxes
02/22/2021	1.45%	152,000	Capital lease	Ad valorem taxes
03/18/2021	1.25%	68,900	Capital lease	Ad valorem taxes
03/18/2021	1.24%	49,502	Capital lease	Ad valorem taxes
03/26/2021	1.24%	27,010	Capital lease	Ad valorem taxes

NEWTON COUNTY

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## NEWTON COUNTY

## SPECIAL REPORTS



NEWTON COUNTY

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

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

Members of the Board of Supervisors  
Newton County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of Newton County, Mississippi (the County), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 19, 2021.

**Internal Control Over Financial Reporting.**

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

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 2019-001, 2019-003 and 2019-004 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 2019-002 to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Newton County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement

amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item 2019-001.

We also noted certain matters which we have reported to the management of Newton County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated July 19, 2021, included within this document.

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

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

### **Purpose of this Report**

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



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

July 19, 2021



**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  
(AS REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors  
Newton County, Mississippi

We have examined Newton County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2019. The Board of Supervisors of Newton County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

In our opinion, Newton County, Mississippi complied, in material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2019.

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

This report is intended for use in evaluating the central purchasing system and inventory control system of Newton County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Joe E. McKnight". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

July 19, 2021

NETWON COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder  
For the Year Ended September 30, 2019

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

NEWTON COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2019

Schedule 2

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
01/08/2019	Lawrence-Hazel Road	\$	152,200	Joe MacGee	Emergency repair to Lawrence- Conehatta Road

NEWTON COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2019

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
05/01/2019	Election equipment	\$ 158,304	Election Systems and Software



NEWTON COUNTY

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**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  
Newton County, Mississippi

In planning and performing our audit of the cash basis financial statements of Newton County, Mississippi (the County) for the year ended September 30, 2019, we considered Newton County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Newton County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated July 19, 2021, on the financial statements of Newton County, Mississippi.

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

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses, are disclosed below:

**1.** The Solid Waste landfill should establish adequate segregation of duties.

**Repeat Finding** No

**Criteria** An effective system of internal controls for collecting, recording, and disbursing cash in the Landfill's office should include adequate segregation of duties.

**Condition** We noted that the same individual receipts monies, prepares all deposits, reconciles the bank statements, post receipts to the cash journal, prepares monthly settlement reports, and settles to the county monthly. There is a lack of segregation of duties between the full-time and part-time office clerks.

**Cause** This was caused by an oversight by the Board of Supervisors.

**Effect** Failure to implement controls over the collecting, recording, and disbursing cash, and lack of segregation of duties in the Landfill's office could result in the loss or misappropriation of public

funds.

**Recommendation** The Board of Supervisors and the Landfill's Office should take steps to ensure that there is adequate segregation of duties in the cash collection, disbursement and reconciliation functions.

**Views of Responsible Official(s)** This is being corrected.

**Sheriff.**

**2.** Sheriff's Department should make daily deposits.

**Repeat Finding** Yes

**Criteria** An effective system of internal control over the collection, recording, and deposit of cash in the Sheriff's office should be made on a timely basis.

**Condition** During testing performed in the Sheriff Department's office, it was noted that the bookkeeper was not depositing money daily or on a timely basis.

**Cause** The Sheriff lacked necessary internal controls.

**Effect** Failure to deposit money on a timely basis could result in the loss or misappropriation of public funds.

**Recommendation** The Sheriff should ensure deposits are being made daily.

**Views of Responsible Official(s)** Actions have been taken to correct this matter.

**Tax Assessor-Collector.**

**3.** A separate bank account should be maintained for garbage fee collection.

**Repeat Finding** No

**Criteria** An effective system of internal controls should include the separate accounting of garbage fee collections. A separate bank account should be used to account for all garbage fee collections and a separate reconciliation should be prepared for the garbage account.

**Condition** We noted that solid waste user fees were being combined into the Tax Collector bank account with all other tax collections.

**Cause** This was caused by an oversight in the Tax Collector's office.

**Effect** Failure to separate the account of the garbage user fees could result in the loss or misappropriation of public funds.

**Recommendation** The Tax Collector should establish and maintain a separate bank account and reconciliation monthly for the garbage user fees.

**Views of Responsible Official(s)** Did not know that I had to have a different bank account. I have already had the Board order to open a new account. It will be done as of January 15, 2021.

<b>4.</b>	<u>Controls over motor vehicle receipts should be strengthened.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	An effective system of internal controls should include adequate verification of taxpayer addresses.
<b>Condition</b>	As reported in the prior seven years' audit reports, during our test work performed in the Tax Collector's Office, we noted two (2) instances of people getting their tags from an address other than where they claim homestead.
<b>Cause</b>	The Tax Assessor-Collector lacked necessary internal controls.
<b>Effect</b>	Weak internal controls as well as incorrect information on taxpayer receipts could lead to loss of public funds.
<b>Recommendation</b>	The Tax Collector should take steps to ensure that there are proper controls put in place for all vehicle information to be listed properly on receipts to taxpayers.
<b>View of Responsible Official(s)</b>	Not sure what tags were not at the correct address but we (the office) have worked hard to correct this.

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

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



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

July 19, 2021

NEWTON COUNTY

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NEWTON COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

NEWTON COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2019

Section 1: Summary of Auditor's Results

**Financial Statements:**

- |    |                                                              |            |
|----|--------------------------------------------------------------|------------|
| 1. | Type of auditor's report issued on the financial statements: | Unmodified |
| 2. | Internal control over financial reporting:                   |            |
| a. | Material weaknesses identified?                              | Yes        |
| b. | Significant deficiency identified?                           | Yes        |
| 3. | Noncompliance material to the financial statements noted?    | Yes        |

Section 2: Financial Statement Findings

**Board of Supervisors.**

**Material Weakness**

**Material Non-Compliance**

**2019-001.**                      Warrants should not be signed without sufficient money in the funds.

**Repeat Finding**              Yes

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

**Condition**                      As reported in the prior eleven years' audit reports, warrants were issued on a fund which did not have sufficient money available. At September 30, 2019, the Countywide Road Fund had a negative cash balance of \$25,168.

**Cause**                          The Board of Supervisors lacks the necessary controls to ensure sufficient balances are maintained in each fund before issuing warrants.

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

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

**Views of Responsible Official(s)**                      We bill the cities for use of asphalt. The billing occurs one month and we receive payment the next month, which often leads to a deficit cash balance in the fund.

**Significant Deficiency**

**2019-002.**                      Controls over repayment of interfund advances should be strengthened.

**Repeat Finding**              Yes

**Criteria**                          An effective system of internal control over interfund advances should include a timely repayment plan.

**Condition**                          As reported in the prior year's audit report, the County has interfund loans outstanding that are more than one year old. These loans were made when the County experienced a need for cash flows in some funds. However, the loans were not repaid as of September 30, 2019.

NEWTON COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2019

<b>Cause</b>	The County does not have a plan to repay these advances timely.
<b>Effect</b>	Failure to ensure repayment of these loans is an illegal diversion of legally restricted funds.
<b>Recommendation</b>	The Board of Supervisors should approve and record in the board minutes the reason for the loans, when the loans will be repaid and the source of funds for the repayment. The Board of Supervisors should ensure these old loans are repaid by approving and recording in the minutes a repayment schedule and complying with the repayment schedule.
<b>Views of Responsible Official(s)</b>	This has been corrected. Some of the advances have been repaid in full. The remaining advances have a scheduled payment date.

**Tax Assessor/Collector.**

**Material Weakness**

<b>2019-003.</b>	<u>Tax Collector should perform monthly bank reconciliations.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	An effective system of internal control over the collection, recording, and disbursement of cash in the Tax Collector's office should include a reconciliation of the bank account to the cash journal monthly.
<b>Condition</b>	As reported in the prior three years' audit reports, during testing performed in the Tax Collector's office, it was noted that the Tax Collector was not reconciling the bank account to the cash journal.
<b>Cause</b>	Failure to reconcile to bank account.
<b>Effect</b>	Failure to reconcile to the bank account could result in the loss or misuse of public funds.
<b>Recommendation</b>	The Tax Assessor-Collector should properly maintain a cash journal, ensuring that it reconcile to the bank account monthly.
<b>Views of Responsible Official(s)</b>	All checks and deposits are reconciled to the bank statement. In Marvin, it is hard to check what matches to the State.

**Sheriff.**

**Material Weakness**

<b>2019-004.</b>	<u>Sheriff's Department should perform monthly bank reconciliations.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	An effective system of internal control over the collection, recording, and disbursement of cash in the Sheriff's office should include a reconciliation of the bank account to the cash journal monthly.
<b>Condition</b>	As reported in the prior two years' audit reports, testing performed in the Sheriff Department's office revealed that the bookkeeper was not reconciling the bank account to the cash journal.



NEWTON COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2019

<b>Cause</b>	Failure to reconcile to bank account.
<b>Effect</b>	Failure to reconcile to the bank account could result in the loss or misuse of public funds.
<b>Recommendation</b>	The Sheriff should properly maintain a cash journal, ensuring that it reconciles to the bank account monthly.
<b>Views of Responsible Official(s)</b>	Action has been taken to correct this matter.