

NOXUBEE COUNTY, MISSISSIPPI

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



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

January 30, 2024

Members of the Board of Supervisors
Noxubee County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2019 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, 2019, 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, 2019, 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, 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 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 January 30, 2024 on our consideration of Noxubee County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Noxubee County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Noxubee County, Mississippi's internal control over financial reporting and compliance.

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

JOE E. MCKNIGHT, CPA
Director, County Audit Section

January 30, 2024

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NOXUBEE COUNTY

FINANCIAL STATEMENTS

NOXUBEE COUNTY

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NOXUBEE COUNTY
Statement of Net Position - Cash Basis
September 30, 2019

Exhibit 1

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash	\$ 3,744,672
Total Assets	<u>3,744,672</u>
NET POSITION	
Restricted:	
Expendable:	
General government	71,967
Public safety	66,723
Public works	2,795,496
Health and welfare	2,477
Conservation of natural resources	1,098
Economic development and assistance	1,562
Unrestricted	805,349
Total Net Position	<u>\$ 3,744,672</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, 2019

Exhibit 2

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,502,251	211,941	12,852		(2,277,458)
Public safety	1,499,137	181,871	68,182	70,000	(1,179,084)
Public works	2,666,246	360,698	737,945	1,962,163	394,560
Health and welfare	193,699		14,556		(179,143)
Culture and recreation	126,356		4,921		(121,435)
Education	490,933				(490,933)
Conservation of natural resources	104,885		3,750		(101,135)
Economic development and assistance	42,727				(42,727)
Debt service:					
Principal	403,669				(403,669)
Interest	180,285				(180,285)
Total Governmental Activities	\$ 8,210,188	754,510	842,206	2,032,163	(4,581,309)
General receipts:					
Property taxes				\$	5,520,348
Road & bridge privilege taxes					116,608
Grants and contributions not restricted to specific programs					519,332
Unrestricted interest income					36,275
Miscellaneous					266,621
Total General Receipts					6,459,184
Change in Net Position					1,877,875
Net Position - Beginning					1,866,797
Net Position - Ending				\$	3,744,672

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, 2019

	<u>Major Funds</u>					
	General	District Two	District Four	District Five	Other	Total
	Fund	ERBR	Road and	Road and	Governmental	Governmental
	Fund	Fund	Bridge	Bridge	Funds	Funds
	Fund	Fund	Fund	Fund	Funds	Funds
ASSETS						
Cash	\$ 805,349	1,376,684	413,891	523,155	625,593	3,744,672
Total Assets	<u>805,349</u>	<u>1,376,684</u>	<u>413,891</u>	<u>523,155</u>	<u>625,593</u>	<u>3,744,672</u>
FUND BALANCES						
Restricted for:						
General government					71,967	71,967
Public safety					66,723	66,723
Public works		1,376,684	413,891	523,155	481,766	2,795,496
Health and welfare					2,477	2,477
Conservation of natural resources					1,098	1,098
Economic development and assistance					1,562	1,562
Unassigned	805,349					805,349
Total Fund Balances	<u>\$ 805,349</u>	<u>1,376,684</u>	<u>413,891</u>	<u>523,155</u>	<u>625,593</u>	<u>3,744,672</u>

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

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Exhibit 4

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

	Major Funds					
	General Fund	District Two ERBR Fund	District Four Road and Bridge Fund	District Five Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property taxes	\$ 4,048,434		263,007	194,112	1,014,795	5,520,348
Road and bridge privilege taxes			34,143	25,199	57,266	116,608
Licenses, commissions and other receipts	151,087				3,320	154,407
Fines and forfeitures	91,096					91,096
Intergovernmental receipts	585,166	1,924,863	186,987	141,608	555,077	3,393,701
Charges for services	148,309				360,698	509,007
Interest income	35,180	564			531	36,275
Miscellaneous receipts	183,384		1,072	1,660	80,505	266,621
Total Receipts	5,242,656	1,925,427	485,209	362,579	2,072,192	10,088,063
DISBURSEMENTS						
General government	2,493,942				8,309	2,502,251
Public safety	1,440,260				58,877	1,499,137
Public works	71,827	548,743	493,142	196,107	1,356,427	2,666,246
Health and welfare	193,699					193,699
Culture and recreation	106,990				19,366	126,356
Education	165,254				325,679	490,933
Conservation of natural resources	104,885					104,885
Economic development and assistance	42,727					42,727
Debt service:						
Principal	165,578		51,196	40,794	146,101	403,669
Interest	89,595		17,846	18,689	54,155	180,285
Total Disbursements	4,874,757	548,743	562,184	255,590	1,968,914	8,210,188
Excess (Deficiency) of Receipts over (under) Disbursements	367,899	1,376,684	(76,975)	106,989	103,278	1,877,875
OTHER CASH SOURCES (USES)						
Transfers in	788,156				694,289	1,482,445
Transfers out	(694,289)				(788,156)	(1,482,445)
Total Other Cash Sources and Uses	93,867	0	0	0	(93,867)	0
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	461,766	1,376,684	(76,975)	106,989	9,411	1,877,875
Cash Basis Fund Balances - Beginning	343,583	0	490,866	416,166	616,182	1,866,797
Cash Basis Fund Balances - Ending	\$ 805,349	1,376,684	413,891	523,155	625,593	3,744,672

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

NOXUBEE COUNTY

Exhibit 5Statement of Fiduciary Assets and Liabilities - Cash Basis
September 30, 2019

	Agency Funds
ASSETS	
Cash	\$ 141,778
Total Assets	<u>141,778</u>
LIABILITIES	
Amounts held in custody for others	141,778
Total Liabilities	<u>\$ 141,778</u>

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

NOXUBEE COUNTY

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NOXUBEE COUNTY

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

(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 services offered by the program, grants and contributions that are restricted to meeting the

NOXUBEE COUNTY

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

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 Two ERBR Fund - This fund is used to account for proceeds from the Mississippi Emergency Road and Bridge Repair Fund (ERBR) that are restricted for emergency road and bridge repairs or replacement in District Two 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 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.

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.

NOXUBEE 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 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, 2019

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

Fund Balance Flow Assumption:

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

G. Property Tax Receipts.

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

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

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$3,886,450, and the bank balance was \$4,016,246. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by *Section 27-105-5, Mississippi Code of 1972 Annotated*. Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

NOXUBEE COUNTY

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

(3) Interfund Transfers.

The following is a summary of interfund transfers for the year ended September 30, 2019:

Transfers In/Out:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 788,156
Other Governmental Funds	General Fund	694,289
Total		\$ 1,482,445

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.

(4) 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.

(5) 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.

(6) 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

NOXUBEE COUNTY

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

be obtained from P.O. Drawer DN, Mississippi State, MS 39762.

(7) 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 2019.

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 \$40,954 in administrative support for the agency in fiscal year 2019.

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 \$434,038 for maintenance and support for the college in fiscal year 2019.

(8) 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 *Section 25-11-1 et seq., Mississippi Code of 1972 Annotated* 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 \$346,609, \$345,562 and \$349,182, respectively, equal to the required contributions for each year.

NOXUBEE COUNTY

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

(9) Tax Abatements.

As of September 30, 2019, 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, 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 2019 totaled \$152,493.

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, 2019

Operating Disbursements, Cash Basis:

Salaries	\$	87,997
Expendable Commodities:		
Gasoline and petroleum products		3,890
Repair parts		487
Office, field, and shop supplies		4,992
Tires		252
Solid waste disposal fees		472,210
Professional fees, legal advertising and other fees		3,554
Postage and box rent		7,950
Telephone and utilities		2,070
Rentals		<u>42</u>
Solid Waste Operating Costs Disbursements	\$	<u><u>583,444</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, 2019

UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 4,437,436	4,437,436	4,048,434	(389,002)
Licenses, commissions and other receipts	144,500	144,500	151,087	6,587
Fines and forfeitures	83,000	83,000	91,096	8,096
Intergovernmental receipts	467,500	467,500	585,166	117,666
Charges for services	110,000	110,000	148,309	38,309
Interest income	20,000	20,000	35,180	15,180
Miscellaneous receipts	37,800	37,800	183,384	145,584
Total Receipts	<u>5,300,236</u>	<u>5,300,236</u>	<u>5,242,656</u>	<u>(57,580)</u>
DISBURSEMENTS				
Current:				
General government	3,123,617	3,123,617	2,493,942	629,675
Public safety	1,754,472	1,754,472	1,440,260	314,212
Public works	4,800	4,800	71,827	(67,027)
Health and welfare	195,740	195,740	193,699	2,041
Culture and recreation	96,000	96,000	106,990	(10,990)
Education	177,500	177,500	165,254	12,246
Conservation of natural resources	132,621	132,621	104,885	27,736
Economic development and assistance	47,779	47,779	42,727	5,052
Debt service:				
Principal			165,578	(165,578)
Interest			89,595	(89,595)
Total Disbursements	<u>5,532,529</u>	<u>5,532,529</u>	<u>4,874,757</u>	<u>657,772</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(232,293)</u>	<u>(232,293)</u>	<u>367,899</u>	<u>600,192</u>
OTHER CASH SOURCES (USES)				
Transfers in	314,000	314,000	788,156	474,156
Transfers out			(694,289)	(694,289)
Total Other Cash Sources and Uses	<u>314,000</u>	<u>314,000</u>	<u>93,867</u>	<u>(220,133)</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>81,707</u>	<u>81,707</u>	<u>461,766</u>	<u>380,059</u>
Cash Basis Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>343,583</u>	<u>343,583</u>
Cash Basis Fund Balances - Ending	<u>\$ 81,707</u>	<u>81,707</u>	<u>805,349</u>	<u>723,642</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 Four Road and Bridge Fund
 For the Year Ended September 30, 2019
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 255,231	255,231	263,007	7,776
Road and bridge privilege taxes	29,849	29,849	34,143	4,294
Intergovernmental receipts	155,449	155,449	186,987	31,538
Miscellaneous receipts			1,072	1,072
Total Receipts	<u>440,529</u>	<u>440,529</u>	<u>485,209</u>	<u>44,680</u>
DISBURSEMENTS				
Current:				
Public works	440,528	440,528	493,142	(52,614)
Debt service:				
Principal			51,196	(51,196)
Interest			17,846	(17,846)
Total Disbursements	<u>440,528</u>	<u>440,528</u>	<u>562,184</u>	<u>(121,656)</u>
Excess of Receipts over (under) Disbursements	<u>1</u>	<u>1</u>	<u>(76,975)</u>	<u>(76,976)</u>
Cash Basis Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>490,866</u>	<u>490,866</u>
Cash Basis Fund Balances - Ending	<u>\$ 1</u>	<u>1</u>	<u>413,891</u>	<u>413,890</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, 2019
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 188,372	188,372	194,112	5,740
Road and bridge privilege taxes	22,030	22,030	25,199	3,169
Intergovernmental receipts	116,683	116,683	141,608	24,925
Miscellaneous receipts			1,660	1,660
Total Receipts	<u>327,085</u>	<u>327,085</u>	<u>362,579</u>	<u>35,494</u>
DISBURSEMENTS				
Current:				
Public works	327,084	327,084	196,107	130,977
Debt service:				
Principal			40,794	(40,794)
Interest			18,689	(18,689)
Total Disbursements	<u>327,084</u>	<u>327,084</u>	<u>255,590</u>	<u>71,494</u>
Excess of Receipts over (under) Disbursements	<u>1</u>	<u>1</u>	<u>106,989</u>	<u>106,988</u>
Cash Basis Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>416,166</u>	<u>416,166</u>
Cash Basis Fund Balances - Ending	<u>\$ 1</u>	<u>1</u>	<u>523,155</u>	<u>523,154</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, 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	Other Governmental Funds	\$ <u>694,289</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, 2019
General Fund	Other Governmental Funds	\$ 183,530
General Fund	Agency Funds	9,285
Other Governmental Funds	General Fund	207,988
Other Governmental Funds	Other Governmental Funds	14,160
Agency Funds	General Fund	<u>4,323</u>
Total		\$ <u>419,286</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.

Schedule of Capital Assets
NOXUBEE 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	\$ 267,367				267,367
Infrastructure	21,768,143				21,768,143
Buildings	10,018,283				10,018,283
Improvements other than buildings	77,358				77,358
Mobile equipment	2,820,953	20,416	64,098	277,189	3,054,460
Furniture and equipment	1,339,425				1,339,425
Leased property under capital leases	2,082,730			(277,189)	1,805,541
Total capital assets	\$ 38,374,259	20,416	64,098	0	38,330,577

*Adjustments are for the reclassification of paid-off capital leases to mobile equipment.

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

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

<u>Description and Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Oct. 1, 2018</u>	<u>Issued</u>	<u>Principal Payments</u>	<u>Balance Sept. 30, 2019</u>
Governmental Activities:							
Tax anticipation Loan	10/08/2018	04/01/2019	5.25%	\$ 0	<u>84,109</u>	<u>84,109</u>	0
				\$ 0	<u>84,109</u>	<u>84,109</u>	0

NOXUBEE 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
Governmental Activities:							
A. General Obligation Bonds:							
General obligation jail, series 2014 (USDA)	6/13/2014	6/13/2034	4.125% \$	2,127,661		96,965	2,030,696
General obligation road and bridge, series 2014	8/19/2015	9/1/2034	3.00-4.00%	1,475,000		65,000	1,410,000
B. Capital Leases:							
2012 Caterpillar motor grader - refinanced	7/17/2018	6/15/2020	3.58%	57,970		31,201	26,769
2014 Caterpillar motor grader	10/22/2014	11/22/2019	2.18%	139,491		18,178	121,313
2014 Dodge Ram	12/2/2014	12/2/2019	2.23%	5,232		4,848	384
2015 Caterpillar motor grader	7/1/2015	8/1/2020	2.09%	166,809		15,337	151,472
2015 Case motor grader	7/1/2015	7/1/2021	2.09%	65,940		9,778	56,162
2015 Case motor grader	7/1/2015	7/1/2021	2.09%	65,940		9,778	56,162
2015 Caterpillar motor grader	7/1/2015	8/1/2020	2.09%	165,571		14,100	151,471
2016 Chevrolet Silverado	5/30/2016	5/30/2021	2.29%	3,066		3,066	0
2016 JCB backhoe	8/24/2016	9/24/2021	2.28%	70,514		6,716	63,798
2017 Freightliner dump truck	8/24/2016	9/24/2021	2.17%	108,931		6,978	101,953
2017 Western Star dump truck	7/7/2016	8/7/2021	2.26%	105,964		11,765	94,199
2017 Western Star dump truck	7/7/2016	8/7/2021	2.26%	105,964		11,765	94,199
2016 Ford pickup	3/31/2016	3/31/2021	2.16%	14,622		5,758	8,864
2017 Caterpillar motor grader	3/4/2017	4/4/2022	3.49%	206,055		26,571	179,484
2018 Ford F150	1/12/2018	1/23/2023	4.40%	18,363		3,929	14,434
2018 Ford F150	1/12/2018	1/23/2023	4.40%	18,363		3,929	14,434
2018 Freightliner pumper truck	2/27/2018	2/27/2023	4.40%	58,007		58,007	0
Total			\$	4,979,463	0	403,669	4,575,794

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, 2019
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 and 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

Notes to the 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 and each major Special Revenue Fund.

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

The following fund had an excess of actual disbursements over budget for the year ended September 30, 2019:

<u>Fund</u>	<u>Excess</u>
District Four Road and Bridge Fund	\$ 121,656

The fund listed above 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, 2019, the amount of outstanding debt was equal to 4.55 percent (4.55%) 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, 2019
UNAUDITED

Description	Balance at Sept. 30, 2019
General obligation community hospital bond (2009)	\$ <u>2,045,303</u>

C. 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
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 COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Noxubee County, Mississippi

We have audited, in accordance with 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, 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 January 30, 2024. 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 2019-001, 2019-002, and 2019-003 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 2019-004 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 2019-001 and 2019-002.

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 January 30, 2024, 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

January 30, 2024



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, 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, 2019. 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 two years' audit reports, the Assistant Receiving Clerk was not bonded during fiscal year 2019.

Cause	The County failed comply with state law.
Effect	Failure to comply with state statutes would limit the amount available for recovery if a loss occurred.
Recommendation	The County should implement procedures to ensure the Assistant Receiving Clerk is properly bonded as required by state statute.
Views of Responsible Official(s)	The County will make sure Assistant Receiving Clerks are properly bonded.

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 fifteen 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 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 assets.

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 two years' audit reports, during our testing of 25 invoices for compliance with the central purchasing system requirements, the following deficiencies were noted:

- a. No purchasing documents were available for seven (7) purchases totaling \$356,622.
- b. The receiving report for ten (10) purchases totaling \$24,231 were signed by someone other than an authorized receiving clerk.
- c. Written bids were not obtained for three (3) purchases totaling \$26,349.
- d. Purchasing documents were present, but not in chronological date order for four (4) purchases totaling \$24,942.

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, all purchasing documents are properly assembled and preserved for subsequent review by auditors, and at least two (2) competitive written bids are obtained for all purchases involving an expenditure of more than Five Thousand Dollars (\$5,000) but not more than Fifty Thousand Dollars (\$50,000).

Views of Responsible Official(s)

I am not aware of any missing invoices. I give the invoice and purchase order to the accounts payable clerk and I don't know what happens after that. The accounts payable clerk is responsible for entering invoices. The person that signed receiving reports was approved by the Board through the Receiving Clerk. As a Purchase Clerk I always try to comply with the prescribed requirements and if I don't, it is because I don't know about it. I will do my best to comply with the requirements prescribed by the Office of the State Auditor.

Auditor's Note Receiving reports were signed by three individuals other than the Receiving Clerk and Assistant Receiving Clerk who were appointed by the Board of Supervisors.

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, 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, Mississippi Code of 1972 Annotated*. 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.

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

January 30, 2024

NOXUBEE 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.

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

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, 2019

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, 2019, 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 January 30, 2024, 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 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 two years' audit reports, actual expenditures exceeded budgeted amounts by \$121,656 in the District Four 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)	The County will amend the budget to actual at the end of the fiscal year.
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 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 two years' audit reports, during testwork, it was noted that the original and amended budgets for fiscal year 2019 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 enter the original and final amended budgets in detail on the minutes.
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 two years' audit reports, during test work, it was noted that payroll reimbursements for the former Chancery Clerk to the County's General Fund were received by the County between 31 and 61 days after the payroll date, with the average being 46 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 Chancery Clerk will reimburse the County 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 two years' audit reports, 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 an unallowable expenditure.
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 making reservations, I always get approval from the Board to make the reservations, obtain the confirmation letter and prepare an authorization form. When the credit card bill comes in, I give the receipts to the Accounts Payable Clerk and make sure she knows from which fund to pay the bill. From now on, I will ask employees to bring the receipts to me for their rooms. I will give copies to the Accounts Payable Clerk and make sure that I have all of the reports that are needed.
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 two years' audit reports, as of September 30, 2019, the cash balance in the County's Unemployment Compensation Fund was a deficit in the amount of \$48,796, which was \$61,987 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 properly funded.

6. All County funds should be deposited in the designated county depository.

Repeat Finding	Yes
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	As reported in the prior year's audit report, 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, 2019, the County, through its various offices, had six (6) accounts with a total of \$461,671 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 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 funds are in an approved depository.

7. The County should make the appropriate privilege tax settlement payments to the County's School District.

Repeat Finding	Yes
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	As reported the prior year's audit report, during fiscal year 2019, 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 Yes

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 district to the number of miles of railroad in the entire county.

Condition As reported in the prior year's audit report, we noted that the County did not settle the appropriate railcar ad valorem taxes to the municipalities and other taxing districts in fiscal year 2019.

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) Railcar taxes are distributed as required by *Section 27-35-519* and can be traced in the system.

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 Yes

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 the fees can be specifically identified.

Condition As reported in the prior year's audit report, 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.
10.	<u>PERS retirees should complete required forms for re-employment and should not be paid more than allowed.</u>
Repeat Finding	No
Criteria	<i>Section 25-11-127, Mississippi Code of 1972 Annotated</i> , requires retirees to receive no more than one-half of the salary in effect for the position at the time of employment in a fiscal year. Furthermore, counties hiring PERS service retirees are required to file PERS Form 4B, "Certification/Acknowledgement of Re-employment of Retiree" with the PERS office within five (5) days of the date of employment of the retiree.
Condition	During our test work, we noted that PERS Form 4B was not filed with PERS for three (3) service retirees employed by the County and that one service retiree was paid \$836 more than the maximum amount allowed by state law.
Cause	The County failed to comply with state laws applicable to the rehiring of PERS service retirees.
Effect	Failure to file PERS Form 4B and to pay retirees more than the maximum allowed amount placed the County in direct violation of state law.
Recommendation	The Board of Supervisors should implement procedures to ensure PERS Form 4B is filed with PERS for all service retirees hired by the County within five (5) days of re-employment and that no retiree is paid more than the maximum amount allowed by state law.
Views of Responsible Official(s)	The County will make sure the proper forms are filed and that retirees are paid correctly.
Board of Supervisors and Constables.	
11.	<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 two years' audit reports, during our audit, we noted that one of the constables was not bonded for fiscal year 2019.
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 Constables will be properly bonded.

Board of Supervisors and Justice Court Judge.

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

Repeat Finding Yes

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

Condition As reported in the prior two years' audit reports, during our audit, we noted that one of the Justice Court Judges was bonded for an indefinite period of time.

Cause The County did not comply with state laws.

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

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

**Views of Responsible
Official(s)**

Justice Court Judges will be properly bonded.

Board of Supervisors and Circuit Clerk.

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

Repeat Finding Yes

Criteria *Section 9-7-121, Mississippi Code of 1972 Annotated*, requires the Circuit Clerk to give bond, with sufficient surety, to be payable, conditioned and approved as provided by law, in a penalty equal to three percent (3%) of the sum of all the state and county taxes shown by the assessment roll and the levies to have been collectible in the county for the year immediately preceding the commencement of the term of office, not to exceed the amount of One Hundred Thousand Dollars (\$100,000). In addition, *Section 25-1-15(1), Mississippi Code of 1972 Annotated*, requires all public officials to secure a new bond at the beginning of each new term of office or every four years, whichever is less.

Condition As reported in the prior two years' audit reports, 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)**

On the finding of Deputy Clerks' bonds, I feel that I should not be held responsible for something that was not explained to me concerning the proper procedures for bonding of the deputies. 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 your bond for yourself and your deputies or give me the information concerning the bonds.

Board of Supervisors and Deputy Circuit Clerks.

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

Repeat Finding Yes

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

Condition As reported in the prior two years' audit reports, 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)**

On the finding of Deputy Clerks' bonds, I feel that I should not be held responsible for something that was not explained to me concerning the proper procedures for bonding of the deputies. 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 your bond for yourself and your deputies or give me the information concerning the bonds.

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

15. 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 two years' audit reports, 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 fiscal 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)	In 2019, I was not aware that these bonds were not being kept up. I did know that upon hiring we were bonded, but I didn't know that I was responsible for keeping these current each year.

Board of Supervisors and Deputy Tax Collectors.

16.	<u>All Deputy Tax Collectors should be bonded as required by state law.</u>
Repeat Finding	Yes
Criteria	<i>Section 27-1-9(a), Mississippi Code of 1972 Annotated</i> , 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 two years' audit reports, 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 make sure the office is in compliance and ensure all deputies are bonded during employment.

Former Chancery Clerk.

17.	<u>The former Chancery Clerk claimed unallowable expenses on the Annual Financial Report.</u>
Repeat Finding	Yes
Criteria	<i>Section 9-1-43(1), Mississippi Code of 1972 Annotated</i> , 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 two years' audit reports, the Chancery Clerk claimed expenses in the amount of \$23,654 for which there was no documentation, and were therefore unallowable on the 2019 Annual Financial Report.

Cause	The former Chancery Clerk did not comply with state laws.
Effect	Failure to claim only allowable expenses on the Annual Financial Report resulted in the former Chancery Clerk overstating expenses by \$23,654.
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)	To my knowledge, all of the expenses were allowable expenses in the Chancery Clerk's office. I paid myself for scanning documents to protect the records in the office which was an allowable expense 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, \$23,654 in unallowable expenses were 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	Yes
Criteria	An effective system of internal control should include maintaining a complete and accurate fee journal and reconciling the monthly bank statements.
Condition	As reported in the prior year's audit report, during our audit, we noted a difference of \$6,000 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. This was not intentionally done. If I had known about this situation at the time it was done, I would have fixed it.
19.	<u>The former Chancery Clerk should only receive payment for Board of Supervisors' meetings attended.</u>
Repeat Finding	Yes
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	As reported in the prior year's audit report, 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 meetings in calendar year 2019 for a total of \$1,480. However, the Board of

Supervisors' minutes indicate that neither the 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 former Chancery Clerk being paid \$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 to attend board meetings in my absence. She was paid \$200 per month.
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.	<u>The Circuit Clerk should submit an Annual Financial Report as required by state statute.</u>
Repeat Finding	Yes
Criteria	<i>Section 9-1-45(1), Mississippi Code of 1972 Annotated</i> , 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 the office, including any salary paid to the 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	As reported in the prior year's audit report, an Annual Financial Report for calendar year 2019 was not filed with the Office of the State Auditor on or before April 15, 2020.
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 to 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)	I normally mail my Annual Financial Report off to the Public Employees' Retirement System and the State Auditor's Office at least one day before the due date. I will start sending my report by certified mail so that I will have a record of when it was received.

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

Repeat Finding	Yes
Criteria	<i>Section 9-1-43(1), Mississippi Code of 1972 Annotated</i> , limits the compensation of the Circuit 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 15 for the preceding calendar year.

Condition	As reported in the prior two years' audit reports, the Circuit Clerk claimed \$935 for unallowable expenses on the 2019 Annual Financial Report. These expenses were unallowable due to insufficient documentation.
Cause	The Circuit Clerk did not comply with state laws.
Effect	Failure to claim only allowable expenses on the Annual Financial Report resulted in the Circuit Clerk overstating expenses by \$935.
Recommendation	The Circuit Clerk should ensure that only allowable expenses are claimed on the Annual Financial Report.

**Views of Responsible
Official(s)**

From this day forward, I will be sure to get a signed document from individuals that do work for me and I will have a written statement explaining why the work is taking place.

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:

\$23,654

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

January 30, 2024

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, 2019

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 Two ERBR 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

2019-001. 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 two years' audit reports, warrants were issued on funds which did not have sufficient money to pay the warrants. As of September 30, 2019, 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 - \$55,060
- i. Volunteer Fire Fund - \$23,623
- j. 2% Unemployment Compensation Fund - \$48,796
- 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, 2019

- m. Civic Center Fund - \$267,821
- n. Arena Fund - \$39,891
- o. Rodeo Fund - \$10,000
- p. State Aid Road Projects Fund - \$62,941
- q. JAG Grant Fund - \$3,626
- r. Law Library Fund - \$3,148

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 not issue warrants on funds with inadequate cash.

Material Weakness Material Noncompliance

2019-002.	<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 two years' audit reports, 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, 2019.
Cause	The County failed to repay outstanding interfund loans.
Effect	Failure to repay these loans is 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, 2019

Material Weakness

2019-003.	<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 two years' audit reports, during our test work, we noted that bank reconciliations were performed approximately three 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)	Bank reconciliations have been caught up and will be performed monthly.

Justice Court Clerk.

Significant Deficiency

2019-004.	<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 two years' audit reports, 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)	We are still in the process of teaching the deputy clerk how to deal with criminal and civil matters. This process is tedious and requires dedication to details. We have progressed to the deputy depositing money and filling out the deposit slips. The next step will be to learn how to post to the cash journals.