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TOWN OF NOXAPATER, MISSISSIPPI

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



bridgers

Bridgers, Goodman, Baird & Clarke, PLLC

Certified Public Accountants

TOWN OF NOXAPATER
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TOWN OF NOXAPATER

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Aldermen
Town of Noxapater, Mississippi

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of Town of Noxapater, 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 Town of Noxapater, 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 Town of Noxapater, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements, 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 Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Management's Discussion and Analysis, the Budgetary Comparison Schedules, Schedule of Investments, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for Town Officials and corresponding notes have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020, on our consideration of Town of Noxapater, 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 Town of Noxapater, 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 Town of Noxapater, Mississippi's internal control over financial reporting and compliance.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi
December 17, 2020

TOWN OF NOXAPATER

FINANCIAL STATEMENTS

Town of Noxapater
Statement of Net Position- Cash Basis
For the Year ended September 30, 2019

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash	\$ 311,598	609,250	920,848
Total Assets	<u>311,598</u>	<u>609,250</u>	<u>920,848</u>
NET POSITION			
Restricted:			
Expendable:			
Public safety	16,906	-	16,906
Public works	4,149	609,250	613,399
Unrestricted	290,543	-	290,543
Total Net Position	<u>\$ 311,598</u>	<u>609,250</u>	<u>920,848</u>

Town of Noxapater
Statement of Activities- Cash Basis
For the Year ended September 30, 2019

Functions/Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position			
	Disbursements	Cash	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
						Governmental Activities	Business-type Activities	
Primary government:								
Governmental activities:								
General government	\$ 150,379		1,404	14,691	-	(134,284)		(134,284)
Public safety	27,619		-	2,786	-	(24,833)		(24,833)
Culture and recreation	473		-	-	-	(473)		(473)
Capital outlay	2,699		-	-	469,621	466,922		466,922
Grant expenditures	982,314		-	-	-	(982,314)		(982,314)
Total Governmental Activities	1,163,484		1,404	17,477	469,621	(674,982)	-	(674,982)
Business-type activities:								
Water & Garbage	342,846		460,225				117,379	117,379
Total Business-type Activities	342,846		460,225				117,379	117,379
Total Primary Government	\$ 1,506,330		461,629	17,477	469,621	(674,982)	117,379	(557,603)
General receipts:								
Property taxes						\$ 38,542	-	38,542
Penalties and interest						458	-	458
Road & bridge privilege taxes						1,694	-	1,694
Franchise fees						5,464	-	5,464
Intergovernmental receipts not restricted to specific programs						108,147	-	108,147
Unrestricted interest income						447	972	1,419
Rental income						7,571	-	7,571
Miscellaneous						20,464	2,240	22,704
Proceeds from debt issuance						-	512,693	512,693
Transfers						512,693	(512,693)	-
Total General Receipts, Special Item, Extraordinary Item, Other Cash Sources and Transfers						695,480	3,212	698,692
Changes in Net Position						20,498	120,591	141,089
Net Position - Beginning, as previously reported						302,924	488,659	791,583
Prior period adjustment(s)						(11,824)	-	(11,824)
Net Position - Beginning of year, as restated						291,100	488,659	779,759
Net Position - Ending						\$ 311,598	609,250	920,848

Town of Noxapater
Statement of Cash Assets and Fund Balances- Governmental Funds
For the Year ended September 30, 2019

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>CDBG</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
ASSETS				
Cash	\$ 290,543	4,149	16,906	311,598
Total Assets	<u>\$ 290,543</u>	<u>4,149</u>	<u>16,906</u>	<u>311,598</u>
FUND BALANCES				
Restricted for:				
Public safety	-	-	16,906	16,906
Public works	-	4,149	-	4,149
Unassigned	290,543	-	-	290,543
Total Fund Balances	<u>\$ 290,543</u>	<u>4,149</u>	<u>16,906</u>	<u>311,598</u>

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

	Major Funds		Other	Total
	General	CDBG	Governmental	Governmental
	Fund	Fund	Funds	Funds
RECEIPTS				
Property taxes	\$ 38,542	-	-	38,542
Penalties and interest	458	-	-	458
Road and bridge privilege taxes	1,694	-	-	1,694
Licenses, commissions and other receipts	913	-	-	913
Fines and forfeitures	491	-	-	491
Intergovernmental receipts	122,838	469,621	2,786	595,245
Franchise fees	5,464	-	-	5,464
Interest income	443	-	4	447
Rental Income	7,571	-	-	7,571
Miscellaneous receipts	20,464	-	-	20,464
Total Receipts	<u>198,878</u>	<u>469,621</u>	<u>2,790</u>	<u>671,289</u>
DISBURSEMENTS				
General government	150,379	-	-	150,379
Public safety	22,481	-	5,138	27,619
Culture and recreation	473	-	-	473
Capital Outlay	2,699	-	-	2,699
Grant expenditures	-	982,314	-	982,314
Total Disbursements	<u>176,032</u>	<u>982,314</u>	<u>5,138</u>	<u>1,163,484</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>22,846</u>	<u>(512,693)</u>	<u>(2,348)</u>	<u>(492,195)</u>
OTHER CASH SOURCES (USES)				
Transfers in (out)	<u>(4,149)</u>	<u>516,842</u>	<u>-</u>	<u>512,693</u>
Total Other Cash Sources and Uses	<u>(4,149)</u>	<u>516,842</u>	<u>-</u>	<u>512,693</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>18,697</u>	<u>4,149</u>	<u>(2,348)</u>	<u>20,498</u>
Cash Basis Fund Balances - Beginning, as previously reported	283,670	-	19,254	302,924
Prior period adjustment(s)	<u>(11,824)</u>	-	-	<u>(11,824)</u>
Cash Basis Fund Balances - Beginning, as restated	<u>271,846</u>	-	19,254	<u>291,100</u>
Cash Basis Fund Balances - Ending	<u>\$ 290,543</u>	<u>4,149</u>	<u>16,906</u>	<u>311,598</u>

Town of Noxapater
Statement of Net Position- Cash Basis- Proprietary Fund
For the Year ended September 30, 2019

		Business-type Activities Enterprise Fund
		Water & Garbage Fund
ASSETS		
Cash	\$	609,250
Total Assets		<u>609,250</u>
NET POSITION		
Restricted for:		
Public works		609,250
Total Net Position	\$	<u>609,250</u>

Town of Noxapater
Statement of Cash Receipts, Disbursements and Changes in Net Position- Proprietary Fund
For the Year ended September 30, 2019

	Business-type Activities Enterprise Fund
	Water & Garbage Fund
Operating Receipts	
Charges for services	\$ 460,225
Miscellaneous	2,240
Total Operating Receipts	<u>462,465</u>
Operating Disbursements	
Personal services	124,315
Contractual services	56,997
Materials and supplies	129,345
Total Operating Disbursements	<u>310,657</u>
Operating Income (Loss)	<u>151,808</u>
Nonoperating Receipts (Disbursements)	
Interest income	972
Proceeds from debt	512,693
Principal paid	(29,701)
Interest expense	(2,488)
Net Nonoperating Receipts (Disbursements)	<u>481,476</u>
Net Income (Loss) Before Transfers	633,284
Transfers out	<u>(512,693)</u>
Changes in Net Position	<u>120,591</u>
Net Position - Beginning	<u>488,659</u>
Net Position - Ending	<u>\$ 609,250</u>

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Town of Noxapater, Mississippi (the Town), is a political subdivision of the State of Mississippi. The Town is governed by an elected five-member Board of Aldermen. The financial statements of the Town 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 Town of Noxapater to present these financial statements on the primary government. There are no outside organizations that should be included as component units of the Town's reporting entity.

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

- Board of Aldermen
- Town Clerk
- Municipal Court Clerk
- Purchase Clerk
- Police Chief

B. Basis of Presentation.

The Town'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 Town 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 and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

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

Fund Financial Statements:

Fund financial statements of the Town are organized into funds, each of which is considered to be separate

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

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 proprietary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

The Government-wide, Governmental Funds and Proprietary 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 Town reports the following major Governmental Fund(s):

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

CDBG Fund - This fund is used to account for monies from specific sources that are restricted for the capital improvements projects approved by the CDBG.

The Town reports the following major Enterprise Fund(s):

Water & Garbage Fund - This fund is used to account for resources accumulated and used for the payment of long-term debt principal, interest and related costs of borrowing used for road projects.

Additionally, the Town 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.

PROPRIETARY FUND TYPE

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

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

D. Account Classifications.

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

E. Deposits.

State law authorizes the Town 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 Town, municipality or school district of this state. Further, the Town 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 Town'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 Town'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 restricted or unassigned. The following are descriptions of fund classifications used by the Town:

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

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

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

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 Town'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 Town'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 Aldermen may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the Town. 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 Aldermen, 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) Prior Period Adjustments

A summary of the significant net position/fund balance adjustment(s) is as follows:

Exhibit 2- Statement of Activities- Cash Basis

Exhibit 4- Statement of Cash Receipts, Disbursements and Changes in Cash Fund Balances- Governmental Funds

Explanation	Amount
to account for prior year balance for CDBG Fund	\$ (11,824)
Total prior period adjustments	\$ <u>(11,824)</u>

(3) Deposits.

The carrying amount of the Town's total deposits with financial institutions at September 30, 2019, was \$920,848, and the bank balance was \$943,737. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution,

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

the Town will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Town 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 Town.

(4) Interfund Transfers.

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

Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
CDBG Fund	General Fund	\$ 4,149
CDBG Fund	Water & Garbage Fund	512,693
	Total	<u>\$ 516,842</u>

(5) Claims and Judgments.

Risk Financing.

The Town 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 Town pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2019, to January 1, 2020. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(6) Contingencies.

Federal Grants - The Town 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 Town may be responsible for any disallowances.

(7) Tax Abatements.

The Town of Noxapater currently has no tax abatement agreements that require disclosure under GASB No. 77.

TOWN OF NOXAPATER

SUPPLEMENTARY INFORMATION

Town of Noxapater
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2019

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Federal Agency- U.S. Department of Agriculture			
Rural Economic Development Loans and Grants	*	10.854	\$ 790,742
		10.864	35,944
Grant Program to Establish a Fund for Financing Water and Wastewater Projects		Mississippi Development Authority	
Total U.S. Department of Agriculture			<u>826,686</u>
Federal Agency- Appalachian Regional Commission			
Appalachian Area Development	23.002		155,627
Total Appalachian Regional Commission			<u>155,627</u>
Total Expenditures of Federal Awards			<u>\$ 982,313</u>

* Denotes Major Federal Award Program

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Town of Noxapater under programs of the federal government for the year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of *Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Town of Noxapater, it is not intended to and does not present the financial position, changes in net position, or cash flows of Town of Noxapater.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note C - Indirect Cost Rate

Town of Noxapater has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note D -USDA Rural Development

The value of federal awards expended in the form of loans made to Town of Noxapater as of September 30, 2019, is \$512,693.

TOWN OF NOXAPATER

OTHER INFORMATION

Town of Noxapater
Budgetary Comparison Schedule- Budget and Actual (Non-GAAP Basis)- General Fund
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 34,000	38,542	38,542	-
Penalties & interest	450	458	458	-
Road and bridge privilege taxes	1,500	1,694	1,694	-
Licenses, commissions and other receipts	275	913	913	-
Fines and forfeitures	4,000	491	491	-
Intergovernmental receipts	134,210	122,838	122,838	-
Franchise fees	3,275	5,464	5,464	-
Interest income	300	443	443	-
Rental income	3,000	7,571	7,571	-
Miscellaneous receipts	650	20,464	20,464	-
Total Receipts	<u>181,660</u>	<u>198,878</u>	<u>198,878</u>	<u>-</u>
DISBURSEMENTS				
Current:				
General government	154,360	150,379	150,379	-
Public safety	24,600	22,481	22,481	-
Culture and recreation	1,000	473	473	-
Capital outlay	1,700	2,699	2,699	-
Total Disbursements	<u>181,660</u>	<u>176,032</u>	<u>176,032</u>	<u>-</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>-</u>	<u>22,846</u>	<u>22,846</u>	<u>-</u>
OTHER CASH SOURCES (USES)				
Transfers out	-	(4,149)	(4,149)	-
Total Other Cash Sources and Uses	<u>-</u>	<u>(4,149)</u>	<u>(4,149)</u>	<u>-</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>-</u>	<u>18,697</u>	<u>18,697</u>	<u>-</u>
Cash Basis Fund Balances - Beginning	<u>271,846</u>	<u>271,846</u>	<u>271,846</u>	<u>-</u>
Cash Basis Fund Balances - Ending	<u>\$ 271,846</u>	<u>290,543</u>	<u>290,543</u>	<u>-</u>

Town of Noxapater
Schedule of Investments
For the Year Ended September 30, 2019

Fund	Description	Beginning Date	Maturity Date	Interest Rate	October 1, 2018	Purchases	Redeemed Sales	Balance September 30, 2019
GOVERNMENTAL FUNDS								
General Fund	Citizens Bank CD	09/08/07	08/08/20	0.300%	\$ 78,977	-	-	78,977
General Fund	Citizens Bank CD	09/09/08	05/09/20	0.350%	15,684	112	-	15,796
General Fund	Citizens Bank CD	08/29/07	08/29/20	0.300%	21,494	75	-	21,569
General Fund	Citizens Bank CD	03/05/07	03/05/20	0.350%	34,958	184	-	35,142
Total General Fund					151,113	371	-	151,484
TOTAL GOVERNMENTAL FUNDS								
					151,113	371	-	151,484
ENTERPRISE FUNDS								
Water & Garbage Fund	Citizens Bank CD	02/28/17	02/28/20	0.450%	56,041	253	-	56,294
Water & Garbage Fund	Citizens Bank CD	09/30/08	06/30/20	0.350%	58,540	418	-	58,958
Water & Garbage Fund	Citizens Bank CD	09/30/08	06/30/20	0.350%	11,323	81	-	11,404
TOTAL ENTERPRISE FUNDS					\$ 125,904	752	-	126,656

Town of Noxapater
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2019

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
Business-type Activities:							
Other Loans:							
USDA Rural Development Loan	3/1/1999	8/30/2034	4.50%	\$ 430,158	-	22,529	407,629
USDA Rural Development Loan	8/1/2003	1/30/2038	4.50%	58,084	-	2,797	55,287
USDA Rural Development Loan	5/1/2019	5/30/2054	2.75%	-	512,693	4,375	508,318
Total				\$ 488,242	512,693	29,701	971,234

Town of Noxapater
Schedule of Surety Bonds for Town Officials
For the Year Ended September 30, 2019

Name	Position	Company	Bond
Faye Ellis	Town Clerk	Travelers Casualty & Surety Co	\$50,000
Rose Ann Reynolds	Deputy Town Clerk	Travelers Casualty & Surety Co	\$50,000
Sammy Carter	Mayor	Travelers Casualty & Surety Co	\$50,000
Thomas M. Bartholomew	Alderman	Travelers Casualty & Surety Co	\$25,000
Hugh Brian Burrage	Alderman	Travelers Casualty & Surety Co	\$25,000
Thomas Chris Wells	Alderman	Travelers Casualty & Surety Co	\$25,000
Robert R. Wall, Jr.	Alderman	Travelers Casualty & Surety Co	\$25,000
Lana Jayne Deese	Alderman	Travelers Casualty & Surety Co	\$25,000

Town of Noxapater

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

UNAUDITED

(1) Budgetary Comparison Information.

A. Budgetary Information.

Statutory requirements dictate how and when the Town'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 Aldermen of the Town, using historical and anticipated fiscal data 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 Aldermen that budgetary estimates will not be met, it may make revisions to the budget.

The Town'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. Unbudgeted Funds.

The following funds were not budgeted for the year ended September 30, 2019:

Special Revenue Funds:
CDBG Fund

The unbudgeted funds are in violation of state law. However, the Town has no obligation associated with the violation.

(2) Long-term Debt Information:

- A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the Town 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 Town, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a Town issues bonds to repair or replace washed out or collapsed bridges on the public roads of the Town. As of September 30, 2019, the amount of outstanding debt was equal to 0.00% of the latest property assessments.

Town of Noxapater

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

UNAUDITED

D. Subsequent Events.

Subsequent to September 30, 2019, the Town issued the following debt obligation(s):

<u>Interest Rate</u>		<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
2.75%	\$	36,307	Cash Advance on Note	USDA Rural Development Loan

TOWN OF NOXAPATER

SPECIAL REPORTS

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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 Aldermen
Town of Noxapater, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of Town of Noxapater, Mississippi (the Town), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 17, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Noxapater, 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 Town of Noxapater, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2019-001 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Noxapater, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Noxapater's Responses to Findings

Town of Noxapater's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Town of Noxapater'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.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

December 17, 2020

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Members of the Board of Aldermen
Town of Noxapater, Mississippi

Report on Compliance for the Major Federal Program

We have audited Town of Noxapater, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Town of Noxapater, Mississippi's major federal program for the year ended September 30, 2019. Town of Noxapater, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Town of Noxapater, Mississippi's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Noxapater, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Town of Noxapater, Mississippi's compliance.

Opinion on the Major Federal Program

In our opinion, Town of Noxapater, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Bridgers, Goodman, Baird & Clarke, PLLC

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Aldermen
Town of Noxapater, Mississippi

In planning and performing our audit of the cash basis financial statements of Town of Noxapater, Mississippi (the Town) for the year ended September 30, 2019, we considered Town of Noxapater, 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 Town of Noxapater, 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 Town's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated December 17, 2020, on the financial statements of Town of Noxapater, Mississippi.

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

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

1. The Town should levy or appropriate not less than ¼ mill for fire protection.

Repeat Finding: No

Criteria: In accordance with Miss. Code Ann. §83-1-37 and §83-1-39, the Town should levy or appropriate not less than ¼ mill for fire protection.

Condition: The Town has levied the appropriate amount to fire protection, but has failed to set aside or utilize said funds for purposes of fire protection.

Cause: The Town has not set aside or utilized the proceeds of the ¼ mill levy for purposes of fire protection.

Effect: Property tax revenues are not apportioned appropriately to allow for necessary funding for fire protection in accordance with the law.

Recommendation: We recommend that the ¼ mill levy for fire protection be set aside or distinguished such that it is utilized only for the purposes of fire protection.

Response Going forward we will separate funds and comply.

2. The Town has not maintained internal control and compliance with Purchasing Laws

Repeat Finding No

Criteria The Town has adopted a purchasing policy which includes utilization of written purchase orders. The Town is responsible for complying with the requirements set forth in the adopted purchasing policy.

Condition The Town failed to comply with their adopted purchasing policy. During our test work, we noted several instances where purchase orders were not issued or on file.

Cause Failure to comply with the adopted Purchasing Procedures could result in overpayment for goods or services, fraud, misappropriation, or loss of public funds.

Effect The Town is not in compliance with the adopted purchasing policy.

Recommendation The Town should establish and maintain an adequate internal control system which would ensure that the Town is in compliance with their adopted purchasing policy.

Response Going forward the Town Clerk will insure purchase orders are obtained for all requests.

Town of Noxapater'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 Aldermen, 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.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
Vicksburg, Mississippi

December 17, 2020

TOWN OF NOXAPATER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section 1: Summary of Auditor's Results

Financial Statements:

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

Governmental activities	Unmodified
Business-type activities	Unmodified
Aggregate discretely presented component units (Unmodified, Qualified, Adverse or Disclai	Unmodified
General Fund	Unmodified
CDBG Fund	Unmodified
Aggregate remaining fund information	Unmodified
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? Yes
 - b. Significant deficiency(ies) identified? None reported
3. Noncompliance material to the financial statements noted? No

Federal Awards:

4. Internal control over major federal programs:
 - a. Material weakness(es) identified? No
 - b. Significant deficiency(ies) identified? None reported
5. Type of auditor's report issued on compliance for major federal programs: Unmodified
6. Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No
7. Identification of major federal programs:
 - a. CFDA # 10.854 Rural Economic Development Loans and Grants
8. Dollar threshold used to distinguish between type A and type B programs: \$750,000
9. Auditee qualified as low-risk auditee? No
10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which No

Section 2: Financial Statement Findings

Material Weakness

2019-001. Controls over classifications should be strengthened.

Repeat Finding: No

Criteria: Revenues and disbursements should be recorded in the proper accounts.

Condition: We noted a significant amount of transactions that were recorded in incorrect accounts.

Cause:	Numerous deposits and disbursements were recorded to incorrect accounts.
Effect:	Revenue and expenses were misclassified.
Recommendation:	We recommend controls be implemented to review financial information on a monthly basis to ensure proper classification.
Response	We recognize that improvements can be made in the accounting system and we have sought outside assistance to comply.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.