

# JEFFERSON DAVIS COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2020



**SHAD WHITE**  
STATE AUDITOR

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

Joe E. McKnight, CPA  
Director, County Audit Section



A Report from the County Audit Section

[www.osa.state.ms.us](http://www.osa.state.ms.us)









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

**Shad White**  
AUDITOR

March 17, 2022

Members of the Board of Supervisors  
Jefferson Davis County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2020 financial and compliance audit report for Jefferson Davis 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 Jefferson Davis County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Jefferson Davis 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



JEFFERSON DAVIS COUNTY

TABLE OF CONTENTS

FINANCIAL SECTION.....	1
INDEPENDENT AUDITOR'S REPORT.....	3
FINANCIAL STATEMENTS.....	7
Statement of Net Position – Cash Basis.....	9
Statement of Activities – Cash Basis.....	10
Statement of Cash Basis Assets and Fund Balances – Governmental Funds.....	11
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds.....	12
Statement of Fiduciary Assets and Liabilities – Cash Basis.....	14
Notes to Financial Statements.....	15
SUPPLEMENTARY INFORMATION.....	23
Schedule of Operating Costs of Solid Waste.....	25
OTHER INFORMATION.....	27
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) – General Fund.....	29
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) – Special Disaster 2020 Fund.....	30
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) – District 3 Road Maintenance/Construction Fund.....	31
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) – District 2 ERBR Grant Fund.....	32
Schedule of Investments.....	33
Schedule of Interfund Advances.....	34
Schedule of Capital Assets.....	35
Schedule of Changes in Long-term Debt.....	36
Schedule of Surety Bonds for County Officials.....	37
Notes to the Other Information.....	39
SPECIAL REPORTS.....	41
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.....	43
Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules (As Required by Section 31-7-115, Miss. Code Ann. (1973)).....	45
Limited Internal Control and Compliance Review Management Report.....	51
SCHEDULE OF FINDINGS AND RESPONSES.....	55





JEFFERSON DAVIS COUNTY

FINANCIAL SECTION

JEFFERSON DAVIS COUNTY

(This page left blank intentionally.)



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

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Jefferson Davis 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 Jefferson Davis County, Mississippi, (the County) as of and for the year ended September 30, 2020, 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 Jefferson Davis County, Mississippi, as of September 30, 2020, 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 Jefferson Davis County, Mississippi, as of September 30, 2020, 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 Jefferson Davis 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 Jefferson Davis 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 Investments, Schedule of Interfund Advances, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2022 on our consideration of Jefferson Davis 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 Jefferson Davis 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 Jefferson Davis County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Joe E. Mcknight". The signature is fluid and cursive, with the first name "Joe" and last name "Mcknight" clearly distinguishable.

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

March 17, 2022

JEFFERSON DAVIS COUNTY

(This page left blank intentionally.)

JEFFERSON DAVIS COUNTY

FINANCIAL STATEMENTS

JEFFERSON DAVIS COUNTY

(This page left blank intentionally.)



JEFFERSON DAVIS COUNTY  
Statement of Net Position - Cash Basis  
September 30, 2020

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 5,619,451
Total Assets	<u>5,619,451</u>
NET POSITION	
Restricted:	
Expendable:	
General government	75,485
Public safety	20,100
Public works	2,432,698
Culture and recreation	155,820
Debt service	690,740
Unemployment compensation	17,255
Unrestricted	<u>2,227,353</u>
Total Net Position	<u>\$ 5,619,451</u>

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

JEFFERSON DAVIS COUNTY  
Statement of Activities - Cash Basis  
For the Year Ended September 30, 2020

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	\$ 4,404,411	217,310	17,182			(4,169,919)
Public safety	1,813,398	917,219	94,315			(801,864)
Public works	4,873,965		460,620	3,101,750		(1,311,595)
Health and welfare	179,045		24,555			(154,490)
Culture and recreation	120,783					(120,783)
Education	186,688					(186,688)
Conservation of natural resources	104,647					(104,647)
Economic development and assistance	74,348		5,000			(69,348)
Purchase of investments	1,032,848					(1,032,848)
Debt service:						
Principal	242,202					(242,202)
Interest	39,482					(39,482)
Total Governmental Activities	\$ 13,071,817	1,134,529	601,672	3,101,750		(8,233,866)
General receipts:						
Property taxes					\$	7,177,961
Road & bridge privilege taxes						163,384
Grants and contributions not restricted to specific programs						619,700
Unrestricted investment income						65,327
Miscellaneous						302,089
Sale of Investments						1,024,598
Proceeds from debt issuance						475,980
Sale of county property						10,555
Compensation for loss of county property						43,430
Total General Receipts and Other Cash Sources						9,883,024
Changes in Net Position						1,649,158
Net Position - Beginning of year						3,970,293
Net Position - Ending					\$	5,619,451

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

JEFFERSON DAVIS COUNTY  
Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
September 30, 2020

Exhibit 3

	<u>Major Funds</u>					
	<u>General Fund</u>	<u>Special Disaster 2020 Fund</u>	<u>District 3 Road Maintenance/ Construction Fund</u>	<u>District 2 ERBR Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash	\$ 2,227,353	24,040	595,235		2,772,823	5,619,451
Total Assets	<u>\$ 2,227,353</u>	<u>24,040</u>	<u>595,235</u>	<u>0</u>	<u>2,772,823</u>	<u>5,619,451</u>
FUND BALANCES						
Restricted for:						
General government	\$	24,040			51,445	75,485
Public safety					20,100	20,100
Public works			595,235		1,837,463	2,432,698
Culture and recreation					155,820	155,820
Debt service					690,740	690,740
Unemployment compensation					17,255	17,255
Unassigned	2,227,353					2,227,353
Total Fund Balances	<u>\$ 2,227,353</u>	<u>24,040</u>	<u>595,235</u>	<u>0</u>	<u>2,772,823</u>	<u>5,619,451</u>

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

JEFFERSON DAVIS COUNTY  
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -  
Governmental Funds  
For the Year Ended September 30, 2020

Exhibit 4

	Major Funds					
	General Fund	Special Disaster 2020 Fund	District 3 Road Maintenance/ Construction Fund	District 2 ERBR Grant Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS						
Property taxes	\$ 4,452,496		271,467		2,453,998	7,177,961
Road and bridge privilege taxes			32,677		130,707	163,384
Licenses, commissions and other receipts	85,682				2,493	88,175
Fines and forfeitures	86,955				1,325	88,280
Intergovernmental receipts	680,426		101,742	1,715,538	1,825,416	4,323,122
Charges for services	64,389	761,331			132,354	958,074
Interest income	34,264		8,120		22,943	65,327
Miscellaneous receipts	77,716		223,528		845	302,089
Total Receipts	<u>5,481,928</u>	<u>761,331</u>	<u>637,534</u>	<u>1,715,538</u>	<u>4,570,081</u>	<u>13,166,412</u>
DISBURSEMENTS						
General government	2,849,330	1,332,291			222,790	4,404,411
Public safety	1,638,301				175,097	1,813,398
Public works	5,000		420,778	1,715,538	2,732,649	4,873,965
Health and welfare	179,045					179,045
Culture and recreation	25,057				95,726	120,783
Education	186,688					186,688
Conservation of natural resources	104,647					104,647
Economic development and assistance	69,348				5,000	74,348
Debt service:						
Principal	8,690		2,349		231,163	242,202
Interest	4,696		169		34,617	39,482
Total Disbursements	<u>5,070,802</u>	<u>1,332,291</u>	<u>423,296</u>	<u>1,715,538</u>	<u>3,497,042</u>	<u>12,038,969</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>411,126</u>	<u>(570,960)</u>	<u>214,238</u>	<u>0</u>	<u>1,073,039</u>	<u>1,127,443</u>

## JEFFERSON DAVIS COUNTY

Exhibit 4

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

## Governmental Funds

For the Year Ended September 30, 2020

	<u>Major Funds</u>					
	<u>General Fund</u>	<u>Special Disaster 2020 Fund</u>	<u>District 3 Road Maintenance/ Construction Fund</u>	<u>District 2 ERBR Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
OTHER CASH SOURCES (USES)						
Proceeds from long-term debt issuance			116,692		359,288	475,980
Sale of county property					10,555	10,555
Compensation for loss of county property	8,200		35,230			43,430
Transfers in	1,247,271	595,000			60,326	1,902,597
Transfers out	(655,326)		(200,186)		(1,047,085)	(1,902,597)
Purchase of investments	(1,032,848)					(1,032,848)
Sale of investments	1,024,598					1,024,598
Total Other Cash Sources and Uses	<u>591,895</u>	<u>595,000</u>	<u>(48,264)</u>	<u>0</u>	<u>(616,916)</u>	<u>521,715</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	1,003,021	24,040	165,974	0	456,123	1,649,158
Cash Basis Fund Balances - Beginning	<u>1,224,332</u>	<u>0</u>	<u>429,261</u>	<u>0</u>	<u>2,316,700</u>	<u>3,970,293</u>
Cash Basis Fund Balances - Ending	<u>\$ 2,227,353</u>	<u>24,040</u>	<u>595,235</u>	<u>0</u>	<u>2,772,823</u>	<u>5,619,451</u>

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

JEFFERSON DAVIS COUNTY  
Statement of Fiduciary Assets and Liabilities - Cash Basis  
September 30, 2020

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 337,482
Total Assets	\$ <u>337,482</u>
LIABILITIES	
Amounts held in custody for others	\$ 337,482
Total Liabilities	\$ <u>337,482</u>

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

# JEFFERSON DAVIS COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2020

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

#### A. Financial Reporting Entity.

Jefferson Davis 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 Jefferson Davis 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.

- Jefferson Davis General Hospital
- Jefferson Davis County Economic Development District

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

## JEFFERSON DAVIS COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2020

to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other receipts not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each 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.

Special Disaster 2020 Fund - This fund is used to account for monies from specific sources that are restricted for Special Disaster uses.

District 3 Road Maintenance/Construction Fund - This fund is used to account for monies from specific sources that are restricted for road maintenance.

District 2 ERBR Grant Fund - This fund is used to account for monies from specific sources that are restricted for emergency road and bridge repair projects.

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

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

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



## JEFFERSON DAVIS COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2020

#### FIDUCIARY FUND TYPE

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

#### D. Account Classifications.

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

#### E. Deposits and Investments.

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

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

#### 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.

## JEFFERSON DAVIS COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2020

*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, 2020, was \$5,956,933, and the bank balance was \$6,037,585. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

# JEFFERSON DAVIS COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2020

### (3) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2020:

Transfers In/Out:

Transfers In	Transfers Out	Amount
General Fund	District 3 Road Maintenance/Construction Fund	\$ 200,186
General Fund	Other Governmental Funds	1,047,085
Special Disaster 2020 Fund	General Fund	595,000
Other Governmental Funds	General Fund	60,326
Total		\$ 1,902,597

The principal purpose of interfund transfers was to provide funds for operating purposes. 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, 2020, to January 1, 2021. 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) Related Organizations.

The Jefferson Davis County Board of Supervisors is responsible for appointing a voting majority of the members of the board of the Prentiss/Jefferson Davis County Airport, but the County's accountability for this organization does not extend beyond making the appointment. The County contributed \$5,000 for the airport's support in fiscal year 2020.

## JEFFERSON DAVIS COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2020

(7) Joint Venture.

The County participates in the following joint venture:

Jefferson Davis County is a participant with Marion County in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the South Mississippi Regional Library. The joint venture was created to provide library service for the Counties of Jefferson Davis and Marion, and is governed by a five-member board. The two counties rotate board appointments so each county has majority of the board members in alternate years. Complete financial statements for the South Mississippi Regional Library can be obtained from the Marion County branch located at 900 Broad Street, Columbia, Mississippi. The County contributed \$95,500 for support of the library in fiscal year 2020.

(8) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Pearl River Valley Opportunity, Incorporated, operates in a district composed of the Counties of Covington, Forrest, Jefferson Davis, Jones, Lamar, Marion, Pearl River and Perry. The entity was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Jefferson Davis County Board of Supervisors appoints one of the 24 members of the board of directors. The primary source of funding for the entity is derived from federal funds. The County contributed \$10,000 for support of the district in fiscal year 2020.

Southeast Mississippi Air Ambulance District operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Marion, Pearl River, Perry, Stone and Walthall. The Jefferson Davis County Board of Supervisors appoints one of the nine members of the board of directors. The County contributed \$48,850 for support of the district in fiscal year 2020.

Pearl River Community College operates in a district composed of the Counties of Forrest, Hancock, Jefferson Davis, Lamar, Marion and Pearl River. The Jefferson Davis County Board of Supervisors appoints two of the 16 members of the college board of trustees. The County contributed \$196,690 for maintenance and support of the college in fiscal year 2020.

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Jefferson Davis County Board of Supervisors appoints one of the 27 members of the board of directors. The County contributed \$14,250 for support of the district in fiscal year 2020.

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Jones, Lamar, Marion, Perry and Wayne. The Jefferson Davis County Board of Supervisors appoints one of the nine members of the board of commissioners. The County contributed \$31,000 for support of the entity in fiscal year 2020.

Pearl and Leaf River Rails-to-Trails Recreational District operates in a district composed of the Counties of Forrest, Jefferson Davis and Lamar, and the Cities of Bassfield, Hattiesburg, Prentiss and Sumrall. The Jefferson Davis County Board of Supervisors appoints one of the seven members of the board of directors. The County contributed \$19,623 for support of the district in fiscal year 2020.

JEFFERSON DAVIS COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2020

(9) Defined Benefit Pension Plan.

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

Funding Policy. At September 30, 2020, 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, 2020 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, 2020, 2019 and 2018 were \$494,086, \$431,261 and \$390,515, respectively, equal to the required contributions for each year.

(10) Tax Abatements.

As of September 30, 2020, Jefferson Davis County provides tax exempt status to one network communications company subject to the requirements of GASB Statement No. 77. This Company is exempt from real property taxes and personal property taxes except for levies involving the school, the mandatory mill, and community college tax levies. This exemption is authorized under Sections 27-31-101 and 27-31-104 of the Miss. Code Ann. (1972). This exemption encourages businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2020 totaled \$2,140.

JEFFERSON DAVIS COUNTY

(This page left blank intentionally.)

JEFFERSON DAVIS COUNTY

SUPPLEMENTARY INFORMATION

JEFFERSON DAVIS COUNTY

(This page left blank intentionally.)



JEFFERSON DAVIS COUNTY  
Schedule of Operating Costs of Solid Waste  
For the Year Ended September 30, 2020  
Operating Disbursements, Cash Basis:

Salaries	\$	254,707
Expendable Commodities:		
Gasoline and petroleum products		25,649
Repair parts		14,734
Supplies		1,257
Maintenance		6,106
Contractual services		133,604
Equipment		<u>40,000</u>
Solid Waste Operating Costs Disbursements	\$	<u><u>476,057</u></u>

JEFFERSON DAVIS COUNTY

(This page left blank intentionally.)

## JEFFERSON DAVIS COUNTY

## OTHER INFORMATION

JEFFERSON DAVIS COUNTY

(This page left blank intentionally.)

JEFFERSON DAVIS COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2020  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Property taxes	\$ 4,502,495	4,452,496	4,452,496	
Licenses, commissions and other receipts	89,900	85,682	85,682	
Fines and forfeitures	88,600	86,955	86,955	
Intergovernmental receipts	592,850	680,426	680,426	
Charges for services	27,800	64,389	64,389	
Interest income	6,950	34,264	34,264	
Miscellaneous receipts	193,000	77,716	77,716	
Total Receipts	<u>5,501,595</u>	<u>5,481,928</u>	<u>5,481,928</u>	<u>0</u>
<b>DISBURSEMENTS</b>				
Current:				
General government	2,972,725	2,849,330	2,849,330	
Public safety	1,657,440	1,638,301	1,638,301	
Public works	5,000	5,000	5,000	
Health and welfare	202,931	179,045	179,045	
Culture and recreation	69,100	25,057	25,057	
Education	178,000	186,688	186,688	
Conservation of natural resources	112,170	104,647	104,647	
Economic development and assistance	68,700	69,348	69,348	
Debt service:				
Principal	0	8,690	8,690	
Interest	0	4,696	4,696	
Total Disbursements	<u>5,266,066</u>	<u>5,070,802</u>	<u>5,070,802</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>235,529</u>	<u>411,126</u>	<u>411,126</u>	<u>0</u>
<b>OTHER CASH SOURCES (USES)</b>				
Purchase of investments		(1,032,848)	(1,032,848)	
Sale of investments		1,024,598	1,024,598	
Compensation for loss of county property		8,200	8,200	
Transfers in		1,247,271	1,247,271	
Transfers out	<u>(530,000)</u>	<u>(655,326)</u>	<u>(655,326)</u>	
Total Other Cash Sources and Uses	<u>(530,000)</u>	<u>591,895</u>	<u>591,895</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(294,471)</u>	<u>1,003,021</u>	<u>1,003,021</u>	<u>0</u>
Cash Basis Fund Balances - Beginning	<u>2,435,000</u>	<u>1,224,332</u>	<u>1,224,332</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 2,140,529</u>	<u>2,227,353</u>	<u>2,227,353</u>	<u>0</u>

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

JEFFERSON DAVIS COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Special Disaster 2020 Fund  
 For the Year Ended September 30, 2020  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Charges for services	\$	761,331	761,331	
Total Receipts	0	761,331	761,331	0
DISBURSEMENTS				
Current:				
General government		1,332,291	1,332,291	
Total Disbursements	0	1,332,291	1,332,291	0
Excess (Deficiency) of Receipts over (under) Disbursements	0	(570,960)	(570,960)	0
OTHER CASH SOURCES (USES)				
Transfers in		595,000	595,000	
Total Other Cash Sources and Uses	0	595,000	595,000	0
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	0	24,040	24,040	0
Cash Basis Fund Balances - Beginning	0	0	0	0
Cash Basis Fund Balances - Ending	\$ 0	24,040	24,040	0

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

JEFFERSON DAVIS COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 District 3 Road Maintenance/Construction Fund  
 For the Year Ended September 30, 2020  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Property taxes	\$ 274,636	271,467	271,467	
Road and bridge privilege taxes	32,500	32,677	32,677	
Intergovernmental receipts	112,500	101,742	101,742	
Interest income	850	8,120	8,120	
Miscellaneous receipts		223,528	223,528	
Total Receipts	<u>420,486</u>	<u>637,534</u>	<u>637,534</u>	<u>0</u>
<b>DISBURSEMENTS</b>				
Current:				
Public works	658,000	420,778	420,778	
Debt service:				
Principal		2,349	2,349	
Interest		169	169	
Total Disbursements	<u>658,000</u>	<u>423,296</u>	<u>423,296</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(237,514)</u>	<u>214,238</u>	<u>214,238</u>	<u>0</u>
<b>OTHER CASH SOURCES (USES)</b>				
Proceeds from long-term debt issuance		116,692	116,692	
Compensation for loss of county property		35,230	35,230	
Transfers out		(200,186)	(200,186)	
Total Other Cash Sources and Uses	<u>0</u>	<u>(48,264)</u>	<u>(48,264)</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(237,514)</u>	<u>165,974</u>	<u>165,974</u>	<u>0</u>
Cash Basis Fund Balances - Beginning	<u>250,000</u>	<u>429,261</u>	<u>429,261</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 12,486</u>	<u>595,235</u>	<u>595,235</u>	<u>0</u>

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

JEFFERSON DAVIS COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 District 2 ERBR Grant Fund  
 For the Year Ended September 30, 2020  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental receipts	\$	1,715,538	1,715,538	
Total Receipts	0	1,715,538	1,715,538	0
<b>DISBURSEMENTS</b>				
Current:				
Public works		1,715,538	1,715,538	
Total Disbursements	0	1,715,538	1,715,538	0
Excess (Deficiency) of Receipts over (under) Disbursements	0	0	0	0
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	0	0	0	0
Cash Basis Fund Balances - Beginning	0	0	0	0
Cash Basis Fund Balances - Ending	\$ 0	0	0	0

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



JEFFERSON DAVIS COUNTY  
Schedule of Investments  
For the Year Ended September 30, 2020  
UNAUDITED

Fund	Description	Beginning Date	Maturity Date	Interest Rate	Balance October 1, 2019	Purchases	Redeemed Sales	Balance September 30, 2020
GENERAL FUND								
007 Severance Tax	Certificates of Deposit	10/15/18	10/18/19	0.05%	\$ 1,024,598		1,024,598	
007 Severance Tax	Certificates of Deposit	10/15/19	10/18/20	0.80%		1,032,848		1,032,848
Total General Fund					\$ 1,024,598	1,032,848	1,024,598	1,032,848
TOTAL GOVERNMENTAL FUNDS					\$ 1,024,598	1,032,848	1,024,598	1,032,848

JEFFERSON DAVIS COUNTY  
Schedule of Interfund Advances  
For the Year Ended September 30, 2020  
UNAUDITED

The following is a summary of interfund balances at September 30, 2020:

A. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Balance at Sept. 30, 2020</u>
General Fund	Other Governmental Funds	\$ 2,166
Other Governmental Funds	Other Governmental Funds	<u>2,549</u>
Total		<u>\$ 4,715</u>

The amounts due are to correct posting errors in prior years.

JEFFERSON DAVIS COUNTY  
Schedule of Capital Assets  
For the Year Ended September 30, 2020  
UNAUDITED

**Governmental activities:**

	Balance Oct. 1, 2019	Additions	Deletions	Balance Sept. 30, 2020
Land	\$ 459,789	11,534		471,323
Infrastructure	51,288,713	577,095		51,865,808
Buildings	5,752,437			5,752,437
Improvements other than buildings	1,692,257			1,692,257
Mobile equipment	6,859,822	87,208	401,583	6,545,447
Furniture and equipment	1,389,673	20,000	226,500	1,183,173
Leased property under capital leases	0	475,980		475,980
Total capital assets	\$ <u>67,442,691</u>	<u>1,171,817</u>	<u>628,083</u>	<u>67,986,425</u>

JEFFERSON DAVIS COUNTY  
Schedule of Changes in Long-term Debt  
For the Year Ended September 30, 2020  
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2020:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2019	Issued	Principal Payments	Balance Sept. 30, 2020
<b>Governmental Activities:</b>							
A. General Obligation Bonds:							
Hospital bond	06/2003	04/2025	4.25%	\$ 569,762		96,859	472,903
B. Capital Leases:							
New Holland tractor w/ Tiger mower	05/2020	05/2024	2.37%		92,371	7,368	85,003
New Holland tractor w/ Rhino cutter	03/2020	03/2023	2.34%		77,074	12,477	64,597
New Holland tractor w/ Tiger mower	08/2020	08/2024	1.74%		116,692	2,349	114,343
New Holland tractor w/ Tiger mower	06/2020	06/2024	2.37%		112,769	6,739	106,030
New Holland tractor w/ Rhino cutter	03/2020	03/2024	2.37%		77,074	9,244	67,830
C. Other Loans:							
Access road improvement	02/2014	02/2034	3.00%	155,841		8,690	147,151
Road and bridge construction	11/2017	05/2022	2.61%	303,811		98,476	205,335
Total				\$ 1,029,414	475,980	242,202	1,263,192

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

JEFFERSON DAVIS COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2020  
UNAUDITED

Name	Position	Company	Bond
Macon Holliman, Jr.	Supervisor District 1	Western Surety Company	\$100,000
Charles W. Reid	Supervisor District 2	Western Surety Company	\$100,000
Demarrio Sanchez Booth	Supervisor District 3	Western Surety Company	\$100,000
Terry Wade Mathis	Supervisor District 4	Western Surety Company	\$100,000
Bobby R. Rushing	Supervisor District 5	Western Surety Company	\$100,000
Charlene Fairley	Chancery Clerk	Western Surety Company	\$100,000
Janice Bridges	Purchase Clerk	Western Surety Company	\$75,000
Abrilla Brumfield	Receiving Clerk	Western Surety Company	\$75,000
Jo Drake Arrington	Assistant Receiving Clerk	Western Surety Company	\$50,000
Roy Mitchell Smith	Assistant Receiving Clerk	Western Surety Company	\$50,000
Anna R. Keys	Assistant Receiving Clerk	Western Surety Company	\$50,000
David A. Martin	Assistant Receiving Clerk	Western Surety Company	\$50,000
Sherrie Lynn Weathersby	Assistant Receiving Clerk	Western Surety Company	\$50,000
Pat Evans	Inventory Control Clerk	Western Surety Company	\$75,000
Harold Rhodes	Constable	Western Surety Company	\$50,000
Michael Edward Davis	Constable	Western Surety Company	\$50,000
Clint W. Langley	Circuit Clerk	Western Surety Company	\$100,000
Michelle Williams	Deputy Circuit Clerk	Western Surety Company	\$50,000
Debbie Dyess	Deputy Circuit Clerk	Western Surety Company	\$50,000
Ron Strickland	Sheriff	Western Surety Company	\$100,000
Ronald Barnes	Justice Court Judge	Western Surety Company	\$50,000
Calvin L. Graves	Justice Court Judge	Western Surety Company	\$50,000
Latonya Blanchard	Justice Court Clerk	Western Surety Company	\$50,000
Kelly D. Ross Brown	Tax Assessor-Collector	Western Surety Company	\$100,000
Melinda Harper	Deputy Tax Assessor	Western Surety Company	\$50,000
Rosetta Ball	Deputy Tax Collector	Western Surety Company	\$50,000
Kristi Lee	Deputy Tax Collector	Western Surety Company	\$50,000
Alesha S. Williams	Deputy Tax Collector	Western Surety Company	\$50,000

JEFFERSON DAVIS COUNTY

(This page left blank intentionally.)

JEFFERSON DAVIS COUNTY

Notes to the Other Information  
For the Year Ended September 30, 2020  
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.

(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, 2020, the amount of outstanding debt was equal to less than one percent of the latest property assessments.

B. Subsequent Events.

Subsequent to September 30, 2020, the County issued the following debt obligation:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
04/29/2021	1.49%	\$ 1,000,000	Other loan	Ad valorem taxes

JEFFERSON DAVIS COUNTY

(This page left blank intentionally.)



## JEFFERSON DAVIS COUNTY

### SPECIAL REPORTS

JEFFERSON DAVIS COUNTY

(This page left blank intentionally.)



**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  
Jefferson Davis 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 Jefferson Davis County, Mississippi (the County), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 17, 2022. 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 Jefferson Davis 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 Jefferson Davis 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 2020-001, 2020-002 and 2020-004 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2020-003 and 2020-005 to be significant deficiencies.

### **Compliance and Other Matters**

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

We noted certain matters that we reported to the management of Jefferson Davis 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 March 17, 2022, included within this document.

### **Jefferson Davis County's Responses to Findings**

Jefferson Davis County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Jefferson Davis 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

March 17, 2022



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

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

Members of the Board of Supervisors  
Jefferson Davis County, Mississippi

We have examined Jefferson Davis County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2020. The Board of Supervisors of Jefferson Davis 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 Jefferson Davis County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

The results of our audit procedures disclosed a certain instance of noncompliance with the aforementioned code sections. This instance of noncompliance was considered in forming our opinion on compliance. Our finding and recommendation and your response are disclosed below.

**Purchase Clerk.**

1. The Purchase Clerk shall be responsible for the maintenance of the central purchasing system of the county.

**Repeat Finding** No

**Criteria** Section 31-7-103, Miss. Code Ann. (1972), requires a purchase requisition, purchase order, and receiving report for all purchases of more than One Thousand Five Hundred Dollars (\$1,500) in the aggregate. Further, the Purchase Clerk is required to maintain the central purchasing system of the county.

**Condition** We noted three instances where there were no dates provided on purchase requisitions and three instances where purchase documentation were not completed in a logical time sequence.

**Cause** The Purchase Clerk did not comply with state laws.

**Effect** Failure to follow state purchasing laws and guidelines could result in the loss of public funds.

**Recommendation** The Purchase Clerk should ensure that purchasing documents are properly completed.

**Views of Responsible Official(s)** We will comply.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Jefferson Davis County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2020.

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

Jefferson Davis County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

This report is intended for use in evaluating the central purchasing system and inventory control system of Jefferson Davis 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

March 17, 2022

JEFFERSON DAVIS COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder  
For the Year Ended September 30, 2020

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

JEFFERSON DAVIS COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2020

Schedule 2

Our tests did not identify any emergency purchases.



JEFFERSON DAVIS COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2020

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

JEFFERSON DAVIS COUNTY

(This page left blank intentionally.)



**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  
Jefferson Davis County, Mississippi

In planning and performing our audit of the cash basis financial statements of Jefferson Davis County, Mississippi (the County) for the year ended September 30, 2020, we considered Jefferson Davis 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 Jefferson Davis 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 March 17, 2022, on the financial statements of Jefferson Davis County, Mississippi.

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

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

**Board of Supervisors.**

1. Pearl River Community College tax levy should be no lower than the previous year.

**Repeat Finding** No

**Criteria** Section 37-29-141(1), Miss. Code Ann. (1972), states that no county shall levy a smaller tax millage for capital improvements and general support of a junior college district than was levied for the previous year, unless requested to make such reduction by the board of trustees of the district. When a county has a general reassessment of property to increase the county ad valorem tax assessments, such county may reduce the millage for general support and capital improvements, provided that its aggregate budget for junior college purposes is not lower than was paid the previous year.

<b>Condition</b>	The County reduced the tax levy for Pearl River Community College by 0.15 mills, which reduced the total amount the County contributed to the community college by \$4,776.
<b>Cause</b>	The County did not comply with state laws.
<b>Effect</b>	By reducing the tax millage for capital improvements and general support for the community college from the amount that was levied in the previous year, the County is not in compliance with state legal requirements.
<b>Recommendation</b>	The Board of Supervisors should not reduce the tax levy for Pearl River Community College to an amount that is less than the amount levied in the previous year.
<b>Views of Responsible Official(s)</b>	We will comply.

#### **Board of Supervisors and Payroll Clerk.**

<b>2.</b>	<u>PERS Retirees should not be paid more than one-half of their position.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	Section 25-11-127(4)(a), Miss. Code Ann. (1972), 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.
<b>Condition</b>	As reported in the prior year's audit report, we noted several PERS retirees were paid more than one-half of the salary for their positions during the fiscal year.
<b>Cause</b>	The Board of Supervisors and Payroll Clerk did not comply with state laws.
<b>Effect</b>	By overpaying PERS retirees, the County is not in compliance with state legal requirements.
<b>Recommendation</b>	The County should ensure that PERS retirees are not being paid more than the allowable amount.
<b>Views of Responsible Official(s)</b>	We will comply.

#### **Chancery Clerk.**

<b>3.</b>	<u>The Chancery Clerk should reconcile bank statements for land redemption on a monthly basis.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	An effective system of internal control over cash should include the reconciliation of land redemption bank accounts on a monthly basis.
<b>Condition</b>	As reported in the prior five years' audit reports, the bank statements for the land redemption account were not reconciled. During a cash count on October 7, 2021, an unidentified overage of \$2,674 was noted in the land redemption bank account.
<b>Cause</b>	The Chancery Clerk did not have the necessary internal controls over cash.
<b>Effect</b>	The failure to reconcile the land redemption bank account correctly and on a monthly basis could result in the loss or misappropriation of public funds.

**Recommendation**      The Chancery Clerk should implement a system that ensures the land redemption bank account is correctly reconciled on a monthly basis.

**Views of Responsible  
Official(s)**      We will Comply.

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

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

A handwritten signature in black ink, appearing to read "Joe E. McKnight". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

March 17, 2022

JEFFERSON DAVIS COUNTY

(This page left blank intentionally.)

JEFFERSON DAVIS COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

JEFFERSON DAVIS COUNTY

(This page left blank intentionally.)



JEFFERSON DAVIS COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2020

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
Special Disaster 2020 Fund	Unmodified
District 3 Road Maintenance/Construction Fund	Unmodified
District 2 ERBR Grant Fund	Unmodified
Aggregate remaining fund information	Unmodified

2. Internal control over financial reporting:

a. Material weaknesses identified?	Yes
b. Significant deficiencies identified?	Yes

3. Noncompliance material to the financial statements noted? No

Section 2: Financial Statement Findings

**Board of Supervisors and Payroll Clerk.**

**Material Weakness**

**2020-001.** Internal controls over the payroll function should be strengthened.

**Repeat Finding** Yes

**Criteria** An effective system of internal control over the county payroll function should include proper segregation of duties and timely reconciliations of the payroll bank account.

**Condition** As reported in the prior three years' audit reports, during our tests of the payroll system, it was noted that the Payroll Clerk had the authorization to process payroll checks, setup new employees, change pay rates, and reconcile the bank statement. Additionally, it was noted that the account had not been reconciled for several months.

**Cause** The County did not have adequate controls over the payroll function.

**Effect** Without proper segregation of duties, erroneous payments could be made without being detected resulting in the loss or misappropriation of public funds.

**Recommendation** The Board of Supervisors should ensure that personnel processing payroll checks do not also have authority to reconcile the account, and the reconciliation of said account must be performed timely.

**Views of Responsible Official(s)** We will comply.

JEFFERSON DAVIS COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2020

**Board of Supervisors.**

**Material Weakness**

<b>2020-002.</b>	<u>Various part-time employees paid as full-time employees.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	According to the Public Employees' Retirement System of Mississippi (PERS) Regulation, Title 27, Part 210, Chapter 36, any person who works half time or more based on a full-time equivalent position and whose employment is anticipated to exceed four and one-half consecutive months shall be covered, whether probationary or otherwise.
<b>Condition</b>	As reported in the prior three years' audit reports, according to test work performed, it was noted that numerous employees who worked consistently over twenty hours a week were considered part-time employees by the County. These employees were eligible to participate in PERS; however, the County did not contribute to PERS on their behalf.
<b>Cause</b>	The County did not follow the regulation set forth by PERS.
<b>Effect</b>	Failure to transition employees to full-time status breaks the contractual obligation made to PERS, and retirement settled to PERS could be directly understated as a result.
<b>Recommendation</b>	The County should transition employees working over twenty hours a week to full-time status.
<b>Views of Responsible Official(s)</b>	We will comply.

**Significant Deficiency**

<b>2020-003.</b>	<u>The County should maintain an accounts receivable subsidiary ledger for amounts due to the jail for housing prisoners.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	An effective system of internal control over billing and collections should include an accounts receivable ledger to ensure that all amounts billed and owed to the County are collected.
<b>Condition</b>	The Board of Supervisors invoices the Town of Prentiss for the housing of city prisoners in the County's jail. As reported in the prior year's audit report, we noted that the some of the receipts from the Town of Prentiss did not match the invoices that were sent to the Town. In addition, billing adjustments were being allowed without Board of Supervisors' approval. Only the Board of Supervisors has the authority to approve billing adjustments. We know of no authority that allows the Board of Supervisors to forgive a debt to the County.
<b>Cause</b>	The County lacks the necessary internal controls over the collection of receivables for housing prisoners for the Town of Prentiss.
<b>Effect</b>	Failure to maintain an accounts receivable subsidiary ledger and allowing unauthorized billing adjustments could result in a loss of revenue for the County.

JEFFERSON DAVIS COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2020

**Recommendation** The Board of Supervisors should adopt a policy for approval of billing adjustments and create an accounts receivable subsidiary ledger to monitor past due amounts owed to the County.

**Views of Responsible Official(s)** We will comply.

**Tax Assessor-Collector.**

**Material Weakness**

**2020-004.** Controls over the Tax Assessor-Collector's cash journal should be strengthened.

**Repeat Finding** Yes

**Criteria** An effective system of internal control over the collection, recording and disbursement of cash should include maintaining a cash journal.

**Condition** As reported in the prior three years' audit reports, the cash journal was not properly maintained. We noted the following problems in the Tax Assessor-Collector's office:

- a. A cash count on September 23, 2021 revealed an unidentified overage of \$34,872 in the Tax Assessor-Collector's bank account.
- b. The Tax Assessor-Collector is not reconciling the bank statement to a cash journal.
- c. Receipts have not been entered into the cash journal as of the date of the cash count.

**Cause** The Tax Assessor-Collector lacked the necessary internal controls over cash.

**Effect** Failure to properly maintain the cash journal could result in incorrect settlements and the loss of public funds.

**Recommendation** The Tax Assessor-Collector should ensure that the cash journal is properly maintained and that the bank statements are properly reconciled to the cash journal. Additionally, the unidentified overage should be settled to the Board of Supervisors.

**Views of Responsible Official(s)** Will work on a new cash journal and comply, will not settle \$34,872 as of yet.

**Sheriff.**

**Significant Deficiency**

**2020-005.** Sheriff's Office is not making deposits in a timely manner.

**Repeat Finding** Yes

**Criteria** Management is responsible for establishing a proper internal control system to ensure a strong financial accountability and safeguarding of assets and revenue.

**Condition** As reported in the prior six years' audit reports, during our test of internal controls of the Sheriff's Office receipts, we noted receipts were not deposited in a timely manner.

JEFFERSON DAVIS COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2020

<b>Cause</b>	This is due to inadequate controls surrounding the depositing of revenue collected in the Sheriff's Office.
<b>Effect</b>	Inadequate controls surrounding the deposits of revenue collections could result in theft of assets and improper revenue recognition.
<b>Recommendation</b>	We recommend that all revenue collected in the Sheriff's Office be deposited in a timely manner.
<b>Views of Responsible Official(s)</b>	The Sheriff's Office does not receive money on a daily basis.