

NOXUBEE COUNTY, MISSISSIPPI

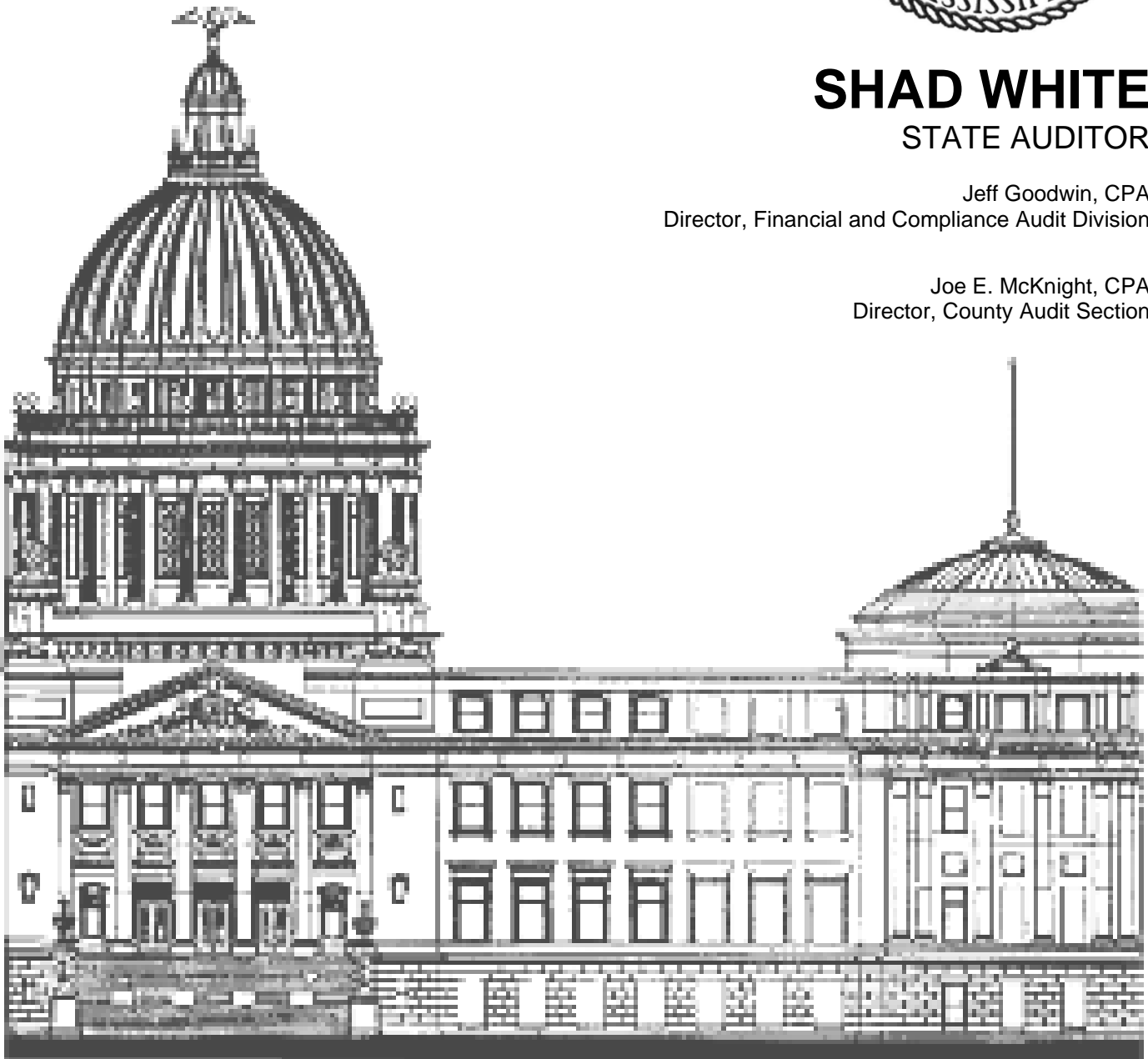
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2020



SHAD WHITE STATE AUDITOR

Jeff Goodwin, CPA
Director, Financial and Compliance Audit Division

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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

Shad White
AUDITOR

July 11, 2024

Members of the Board of Supervisors
Noxubee County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2020 financial and compliance audit report for Noxubee County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

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Shad White

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NOXUBEE COUNTY

FINANCIAL SECTION

NOXUBEE COUNTY

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

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Noxubee County, Mississippi

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Noxubee County, Mississippi, (the County) as of and for the year ended September 30, 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 Noxubee 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 Noxubee 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 Noxubee County, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Noxubee County, Mississippi's basic financial statements. The accompanying Schedule of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Operating Costs of Solid Waste is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2024 on our consideration of Noxubee County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The

purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Noxubee County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Noxubee County, Mississippi's internal control over financial reporting and compliance.

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JOE E. MCKNIGHT, CPA
Director, County Audit Section

July 11, 2024

NOXUBEE COUNTY

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NOXUBEE COUNTY

FINANCIAL STATEMENTS

NOXUBEE COUNTY

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

Exhibit 1

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash	\$ 3,621,273
Total Assets	<u>3,621,273</u>
NET POSITION	
Restricted:	
Expendable:	
General government	131,116
Public safety	115,016
Public works	1,956,080
Health and welfare	2,489
Conservation of natural resources	1,098
Economic development and assistance	1,562
Unrestricted	<u>1,413,912</u>
Total Net Position	<u>\$ 3,621,273</u>

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

NOXUBEE COUNTY

Statement of Activities - Cash Basis

For the Year Ended September 30, 2020

Exhibit 2

Functions/Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,534,272	169,090	16,088	65,000	(2,284,094)
Public safety	1,677,087	171,986	43,296	76,623	(1,385,182)
Public works	3,444,167	377,966	870,982	57,795	(2,137,424)
Health and welfare	189,736		16,105		(173,631)
Culture and recreation	119,852			3,771	(116,081)
Conservation of natural resources	105,400				(105,400)
Economic development and assistance	43,549				(43,549)
Debt service:					
Principal	878,066				(878,066)
Interest	160,862				(160,862)
Total Governmental Activities	\$ 9,152,991	719,042	946,471	203,189	(7,284,289)
General receipts:					
Property taxes				\$	5,659,327
Road & bridge privilege taxes					120,986
Grants and contributions not restricted to specific programs					324,750
Unrestricted interest income					49,823
Miscellaneous					92,565
Proceeds from debt issuance					626,230
Sale of county property					176,570
Compensation for loss of county property					110,639
Total General Receipts and Other Sources					7,160,890
Change in Net Position					(123,399)
Net Position - Beginning					3,744,672
Net Position - Ending				\$	3,621,273

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

NOXUBEE COUNTY
Statement of Cash Basis Assets and Fund Balances -
Governmental Funds
September 30, 2020

Exhibit 3

	Major Funds						
	General Fund	District Two ERBR Fund	District One Road and Bridge Fund	District Four Road and Bridge Fund	District Five Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 1,413,912	96,479	31,071	566,945	645,063	867,803	3,621,273
Total Assets	<u>1,413,912</u>	<u>96,479</u>	<u>31,071</u>	<u>566,945</u>	<u>645,063</u>	<u>867,803</u>	<u>3,621,273</u>
FUND BALANCES							
Restricted for:							
General government						131,116	131,116
Public safety						115,016	115,016
Public works		96,479	31,071	566,945	645,063	616,522	1,956,080
Health and welfare						2,489	2,489
Conservation of natural resources						1,098	1,098
Economic development and assistance						1,562	1,562
Unassigned	<u>1,413,912</u>						<u>1,413,912</u>
Total Fund Balances	<u>\$ 1,413,912</u>	<u>96,479</u>	<u>31,071</u>	<u>566,945</u>	<u>645,063</u>	<u>867,803</u>	<u>3,621,273</u>

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

NOXUBEE COUNTY

Exhibit 4

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

	Major Funds						
	General Fund	District Two ERBR Fund	District One Road and Bridge Fund	District Four Road and Bridge Fund	District Five Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS							
Property taxes	\$ 4,492,759		226,325	262,655	193,852	483,736	5,659,327
Road and bridge privilege taxes			30,525	35,425	26,145	28,891	120,986
Licenses, commissions and other receipts	151,192					3,060	154,252
Fines and forfeitures	55,200						55,200
Intergovernmental receipts	392,007		161,691	185,465	143,631	591,616	1,474,410
Charges for services	131,624					377,966	509,590
Interest income	45,959	3,019				845	49,823
Miscellaneous receipts	70,906		2,806	2,041	385	16,427	92,565
Total Receipts	5,339,647	3,019	421,347	485,586	364,013	1,502,541	8,116,153
DISBURSEMENTS							
General government	2,520,790					13,482	2,534,272
Public safety	1,636,553					40,534	1,677,087
Public works	45,491	1,283,224	740,050	277,648	187,145	910,609	3,444,167
Health and welfare	189,736						189,736
Culture and recreation	119,852						119,852
Conservation of natural resources	105,400						105,400
Economic development and assistance	43,549						43,549
Debt service:							
Principal	107,357		202,631	45,176	179,470	343,432	878,066
Interest	85,304		14,925	10,108	15,776	34,749	160,862
Total Disbursements	4,854,032	1,283,224	957,606	332,932	382,391	1,342,806	9,152,991
Excess (Deficiency) of Receipts over (under) Disbursements	485,615	(1,280,205)	(536,259)	152,654	(18,378)	159,735	(1,036,838)
OTHER CASH SOURCES (USES)							
Proceeds from long-term debt issuance			365,644			260,586	626,230
Proceeds from sale of capital assets			35,484	400	140,286	400	176,570
Compensation for loss of capital assets	11,950		98,689				110,639
Transfers in	845,251					734,253	1,579,504
Transfers out	(734,253)					(845,251)	(1,579,504)
Total Other Cash Sources and Uses	122,948	0	499,817	400	140,286	149,988	913,439
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	608,563	(1,280,205)	(36,442)	153,054	121,908	309,723	(123,399)
Cash Basis Fund Balances - Beginning	805,349	1,376,684	67,513	413,891	523,155	558,080	3,744,672
Cash Basis Fund Balances - Ending	\$ 1,413,912	96,479	31,071	566,945	645,063	867,803	3,621,273

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

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

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 113,050
Total Assets	<u>113,050</u>
LIABILITIES	
Amounts held in custody for others	<u>113,050</u>
Total Liabilities	<u>\$ 113,050</u>

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

NOXUBEE COUNTY

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NOXUBEE COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of all of the County's component units necessary for reporting in accordance with accounting principles applicable to the County's cash basis of accounting.

- Noxubee County Library
- Noxubee County General Hospital

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

NOXUBEE 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.

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

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

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

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

NOXUBEE COUNTY

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

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.

FIDUCIARY FUND TYPE

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

D. Account Classifications.

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

E. Deposits.

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

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

F. Equity Classifications.

Government-wide Financial Statements:

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

NOXUBEE COUNTY

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

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

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

H. Changes in Accounting Standards.

The Governmental Accounting Standards Board issued GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective date of GASB 84 was postponed one year.

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$3,734,323, and the bank balance was \$3,858,170. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by *Section 27-105-5, Mississippi Code of 1972 Annotated*. Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

NOXUBEE COUNTY

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

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.

(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	Other Governmental Funds	\$ 845,251
Other Governmental Funds	General Fund	<u>734,253</u>
Total		<u>\$ 1,579,504</u>

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

(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.

NOXUBEE COUNTY

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

(6) Joint Venture.

The County participates in the following joint venture:

Noxubee County is a participant with the Counties of Choctaw, Clay, Lowndes, Oktibbeha, and Webster, and the Cities of Ackerman, Columbus, Eupora, Louisville, Macon, Starkville, and West Point in a joint venture, authorized by *Section 17-17-307, Mississippi Code of 1972 Annotated*, to operate the Golden Triangle Regional Solid Waste Management Authority. The joint venture was created to provide a regional disposal site for solid waste. The Noxubee County Board of Supervisors appoints one of the 38 members of the board of directors. The authority is funded by user fees based on the volume of solid waste. Complete financial statements for the Golden Triangle Regional Solid Waste Management Authority can be obtained from P.O. Drawer DN, Mississippi State, MS 39762.

(7) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Prairie Opportunity, Inc. operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, and Winston. The Noxubee County Board of Supervisors appoints one of the 21 board members. One board member from each of the counties must come from the private sector (recipient of services), and one member from each County must come from the community. These 14 board members are not appointed by the Board of Supervisors. The counties listed do not provide financial support for the organization.

Community Counseling Services operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, and Winston. The Noxubee County Board of Supervisors appoints one of the seven members of the board of commissioners. The County contributed \$25,000 for support of the agency in fiscal year 2020.

Golden Triangle Planning and Development District provides services for the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, and Winston. The Noxubee County Board of Supervisors appoints four of the twenty-eight members of the board of directors. The County contributed \$41,900 in administrative support for the agency in fiscal year 2020.

East Mississippi Community College operates in a district composed of the Counties of Clay, Kemper, Lauderdale, Lowndes, Noxubee, and Oktibbeha. The Noxubee County Board of Supervisors appoints two of the twelve members of the board of directors. The County contributed \$377,630 for maintenance and support for the college in fiscal year 2020.

(8) Defined Benefit Pension Plan.

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

Funding Policy. At September 30, 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

NOXUBEE COUNTY

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

contributions (employer share only) to PERS for the years ending September 30, 2020, 2019 and 2018 were \$328,876, \$346,609, and \$345,562, respectively, equal to the required contributions for each year.

(9) Tax Abatements.

As of September 30, 2020, Noxubee County provides tax exempt status to one manufacturing company and five processing companies subject to the requirements of GASB Statement No. 77. These companies are exempt from real property taxes and personal property taxes except for levies involving the school, the mandatory one mill, and community college tax levies. These exemptions are authorized under *Sections 27-31-101 and 27-31-105, Mississippi Code of 1972 Annotated*. These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2020 totaled \$79,504.

NOXUBEE COUNTY

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NOXUBEE COUNTY

SUPPLEMENTARY INFORMATION

NOXUBEE COUNTY

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NOXUBEE COUNTY
Schedule of Operating Costs of Solid Waste
For the Year Ended September 30, 2020

Operating Disbursements, Cash Basis:

Salaries	\$	95,481
Expendable Commodities:		
Gasoline and petroleum products		2,752
Repair parts		896
Office, field, and shop supplies		8,059
Tires		369
Solid waste disposal fees		467,228
Professional fees, legal advertising and other fees		2,474
Postage and box rent		7,608
Telephone and utilities		<u>1,448</u>
Solid Waste Operating Costs Disbursements	\$	<u><u>586,315</u></u>

NOXUBEE COUNTY

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NOXUBEE COUNTY

OTHER INFORMATION

NOXUBEE COUNTY

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 4,437,436	4,437,436	4,492,759	55,323
Licenses, commissions and other receipts	144,500	144,500	151,192	6,692
Fines and forfeitures	83,000	83,000	55,200	(27,800)
Intergovernmental receipts	467,500	467,500	392,007	(75,493)
Charges for services	110,000	110,000	131,624	21,624
Interest income	20,000	20,000	45,959	25,959
Miscellaneous receipts	37,800	37,800	70,906	33,106
Total Receipts	<u>5,300,236</u>	<u>5,300,236</u>	<u>5,339,647</u>	<u>39,411</u>
DISBURSEMENTS				
Current:				
General government	3,123,617	3,122,867	2,520,790	602,077
Public safety	1,754,472	1,754,472	1,636,553	117,919
Public works	4,800	4,800	45,491	(40,691)
Health and welfare	195,740	195,740	189,736	6,004
Culture and recreation	96,000	96,000	119,852	(23,852)
Education	177,500	177,500		177,500
Conservation of natural resources	132,621	132,621	105,400	27,221
Economic development and assistance	47,779	47,779	43,549	4,230
Debt service:				
Principal			107,357	(107,357)
Interest			85,304	(85,304)
Total Disbursements	<u>5,532,529</u>	<u>5,531,779</u>	<u>4,854,032</u>	<u>677,747</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(232,293)</u>	<u>(231,543)</u>	<u>485,615</u>	<u>717,158</u>
OTHER CASH SOURCES (USES)				
Compensation for loss of capital assets			11,950	11,950
Transfers in	314,000	314,000	845,251	531,251
Transfers out			(734,253)	(734,253)
Total Other Cash Sources and Uses	<u>314,000</u>	<u>314,000</u>	<u>122,948</u>	<u>(191,052)</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>81,707</u>	<u>82,457</u>	<u>608,563</u>	<u>526,106</u>
Cash Basis Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>805,349</u>	<u>805,349</u>
Cash Basis Fund Balances - Ending	<u>\$ 81,707</u>	<u>82,457</u>	<u>1,413,912</u>	<u>1,331,455</u>

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

NOXUBEE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 District One Road and Bridge Fund
 For the Year Ended September 30, 2020
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 219,927	219,927	226,325	6,398
Road and bridge privilege taxes	25,720	25,720	30,525	4,805
Intergovernmental receipts	127,917	127,917	161,691	33,774
Miscellaneous receipts			2,806	2,806
Total Receipts	<u>373,564</u>	<u>373,564</u>	<u>421,347</u>	<u>47,783</u>
DISBURSEMENTS				
Current:				
Public works	431,525	512,275	740,050	(227,775)
Debt service:				
Principal			202,631	(202,631)
Interest			14,925	(14,925)
Total Disbursements	<u>431,525</u>	<u>512,275</u>	<u>957,606</u>	<u>(445,331)</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(57,961)</u>	<u>(138,711)</u>	<u>(536,259)</u>	<u>(397,548)</u>
OTHER CASH SOURCES (USES)				
Proceeds from debt issuance			365,644	
Proceeds from sale of capital assets			35,484	
Compensation for loss of capital assets			98,689	
Other cash sources	57,961	57,961		(57,961)
Total Other Cash Sources and Uses	<u>57,961</u>	<u>57,961</u>	<u>499,817</u>	<u>(57,961)</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	0	(80,750)	(36,442)	44,308
Cash Basis Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>67,513</u>	<u>67,513</u>
Cash Basis Fund Balances - Ending	<u>\$ 0</u>	<u>(80,750)</u>	<u>31,071</u>	<u>111,821</u>

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

NOXUBEE COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
District Four Road and Bridge Fund
For the Year Ended September 30, 2020
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 255,231	255,231	262,655	7,424
Road and bridge privilege taxes	29,849	29,849	35,425	5,576
Intergovernmental receipts	155,449	155,449	185,465	30,016
Miscellaneous receipts			2,041	2,041
Total Receipts	<u>440,529</u>	<u>440,529</u>	<u>485,586</u>	<u>45,057</u>
DISBURSEMENTS				
Current:				
Public works	440,528	440,528	277,648	162,880
Debt service:				
Principal			45,176	(45,176)
Interest			10,108	(10,108)
Total Disbursements	<u>440,528</u>	<u>440,528</u>	<u>332,932</u>	<u>107,596</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>1</u>	<u>1</u>	<u>152,654</u>	<u>152,653</u>
OTHER CASH SOURCES (USES)				
Proceeds from sales of capital assets			400	400
Total Other Cash Sources and Uses	<u>0</u>	<u>0</u>	<u>400</u>	<u>400</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>1</u>	<u>1</u>	<u>153,054</u>	<u>153,053</u>
Cash Basis Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>413,891</u>	<u>413,891</u>
Cash Basis Fund Balances - Ending	<u>\$ 1</u>	<u>1</u>	<u>566,945</u>	<u>566,944</u>

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

NOXUBEE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 District Five Road and Bridge Fund
 For the Year Ended September 30, 2020
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 188,372	188,372	193,852	5,480
Road and bridge privilege taxes	22,030	22,030	26,145	4,115
Intergovernmental receipts	116,683	116,683	143,631	26,948
Miscellaneous receipts			385	385
Total Receipts	<u>327,085</u>	<u>327,085</u>	<u>364,013</u>	<u>36,928</u>
DISBURSEMENTS				
Current:				
Public works	327,084	327,084	187,145	139,939
Debt service:				
Principal			179,470	(179,470)
Interest			15,776	(15,776)
Total Disbursements	<u>327,084</u>	<u>327,084</u>	<u>382,391</u>	<u>(55,307)</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>1</u>	<u>1</u>	<u>(18,378)</u>	<u>(18,379)</u>
OTHER CASH SOURCES (USES)				
Proceeds from sales of capital assets			140,286	140,286
Total Other Cash Sources and Uses	<u>0</u>	<u>0</u>	<u>140,286</u>	<u>140,286</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>1</u>	<u>1</u>	<u>121,908</u>	<u>121,907</u>
Cash Basis Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>523,155</u>	<u>523,155</u>
Cash Basis Fund Balances - Ending	<u>\$ 1</u>	<u>1</u>	<u>645,063</u>	<u>645,062</u>

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

NOXUBEE COUNTY
Schedule of Interfund Loans and Advances
For the Year Ended September 30, 2020
UNAUDITED

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at Sept. 30, 2020
General Fund	Other Governmental Funds	\$ <u>855,128</u>

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

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at Sept. 30, 2020
General Fund	Other Governmental Funds	\$ 183,530
General Fund	Agency Funds	9,285
Other Governmental Funds	General Fund	207,988
Other Governmental Funds	Other Governmental Funds	14,160
Agency Funds	General Fund	<u>4,323</u>
Total		\$ <u>419,286</u>

The advances represent operating loans provided in prior years. None of the advances are expected to be repaid within one year from the date of the financial statements.

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

Governmental activities:

	Balance Oct. 1, 2019	Additions	Deletions	Adjustments*	Balance Sept. 30, 2020
Land	\$ 267,367				267,367
Infrastructure	21,768,143				21,768,143
Buildings	10,018,283				10,018,283
Improvements other than buildings	77,358				77,358
Mobile equipment	3,054,460	6,800	126,002	273,498	3,208,756
Furniture and equipment	1,339,425		10,135		1,329,290
Leased property under capital leases	1,805,541	365,610	150,220	(273,498)	1,747,433
Total capital assets	\$ 38,330,577	372,410	286,357	0	38,416,630

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

NOXUBEE 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
Governmental Activities:							
A. General Obligation Bonds:							
General obligation jail, series 2014 (USDA)	6/13/2014	6/13/2034	4.125%	\$ 2,030,696		101,087	1,929,609
General obligation road and bridge, series 2014	8/19/2015	9/1/2034	3.00-4.00%	1,410,000		70,000	1,340,000
B. Capital Leases:							
2012 Caterpillar motor grader - refinanced	7/17/2018	6/15/2020	3.58%	26,769		26,769	
2014 Caterpillar motor grader	10/22/2014	11/22/2019	2.18%	121,313		121,313	
2014 Dodge Ram	12/2/2014	12/2/2019	2.23%	384		384	
2015 Caterpillar motor grader	7/1/2015	8/1/2020	2.09%	151,472		151,472	
2015 Case motor grader	7/1/2015	7/1/2021	2.09%	56,162		56,162	
2015 Case motor grader	7/1/2015	7/1/2021	2.09%	56,162		10,174	45,988
2015 Caterpillar motor grader	7/1/2015	8/1/2020	2.09%	151,471		151,471	
2016 JCB backhoe	8/24/2016	9/24/2021	2.28%	63,798		6,868	56,930
2017 Freightliner dump truck	8/24/2016	9/24/2021	2.17%	101,953		7,130	94,823
2017 Western Star dump truck	7/7/2016	8/7/2021	2.26%	94,199		94,199	
2017 Western Star dump truck	7/7/2016	8/7/2021	2.26%	94,199		12,031	82,168
2016 Ford pickup	3/31/2016	3/31/2021	2.16%	8,864		5,886	2,978
2017 Caterpillar motor grader	3/4/2017	4/4/2022	3.49%	179,484		27,515	151,969
2018 Ford F150	1/12/2018	1/23/2023	4.40%	14,434		4,407	10,027
2018 Ford F150	1/12/2018	1/23/2023	4.40%	14,434		4,407	10,027
2014 Caterpillar 12M2 motor grader - refinanced	11/14/2019	11/14/2024	3.59%		120,350	18,779	101,571
2020 Cat 305E2CR mini hydraulic excavator	5/21/2020	5/21/2025	3.35%		52,480		52,480
2020 Cat 305E2CR mini hydraulic excavator	5/21/2020	5/21/2025	3.85%		52,450		52,450
2020 Caterpillar 150-15 motor grader	6/28/2020	6/28/2026	3.35%		260,714	5,862	254,852
2014 Caterpillar 12M3 motor grader - refinanced	7/10/2020	7/10/2025	3.35%		140,236	2,150	138,086
Total				\$ 4,575,794	626,230	878,066	4,323,958

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

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

Name	Position	Company	Bond
Larry Tate	Supervisor District 1	Travelers Casualty and Surety Company	\$100,000
William Oliver	Supervisor District 2	Western Surety Company	\$100,000
Sherman Patterson	Supervisor District 3	Western Surety Company	\$100,000
James Eddie Coleman	Supervisor District 4	Western Surety Company	\$100,000
Bruce Bernard Brooks	Supervisor District 5	Western Surety Company	\$100,000
Mary R. Shelton	Chancery Clerk	Western Surety Company	\$100,000
Ernestine Pope-McLeod	Purchase Clerk	Western Surety Company	\$75,000
Phynas Williams	Receiving Clerk	Western Surety Company	\$75,000
Joyce Mayberry	Inventory Control Clerk	Western Surety Company	\$75,000
Frank Draper	Constable	Western Surety Company	\$50,000
Freda Denise Phillips	Circuit Clerk	Travelers Casualty and Surety Company	\$100,000
Naquetta Conner	Deputy Circuit Clerk	Western Surety Company	\$10,000
Desiree D. Wells	Deputy Circuit Clerk	Travelers Casualty and Surety Company	\$10,000
Tommy Roby	Sheriff	Western Surety Company	\$100,000
Tim Gowan	Justice Court Judge	Travelers Casualty and Surety Company	\$50,000
Dorothy A. Stewart	Justice Court Judge	Western Surety Company	\$50,000
Shirley Moore-Blakely	Justice Court Judge	Travelers Casualty and Surety Company	\$50,000
Deanna Sanders	Justice Court Clerk	U.S. Fidelity and Guaranty Company	\$50,000
Betty Chandler	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Betty Robinson	Tax Assessor-Collector	Western Surety Company	\$100,000
Lula J. Gavin-Tate	Deputy Tax Collector	Western Surety Company	\$50,000
Shumeka L. Boswell	Deputy Tax Collector	Western Surety Company	\$50,000
Johnnie M. Griffin	Deputy Tax Assessor	Western Surety Company	\$10,000
Catina D. Stewart-Stokes	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$50,000

NOXUBEE 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.

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

The following fund had an excess of actual disbursements over budget for the year ended September 30, 2020:

Fund	Excess
District One Road and Bridge Fund	\$ 445,331
District Five Road and Bridge Fund	55,307

The fund listed above is in violation of *Section 19-11-17, Mississippi Code of 1972 Annotated*. However, the County has no obligation associated with this violation.

(2) Long-term Debt Information:

A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2020, the amount of outstanding debt was equal to 4.28 percent (4.28%) of the latest property assessments.

B. General Obligation Debt Contingencies - The County issued general obligation bonds to provide funds for constructing and improving capital facilities of the Noxubee County General Hospital. Such debt is being retired from pledged resources of the Hospital and, therefore, is reported as a liability of the Hospital. However, because general obligation bonds are backed by the full faith, credit and taxing power of the County, the County remains contingently liable for their retirement.

NOXUBEE COUNTY

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

The principal amount of such debt outstanding at year end is as follows:

<u>Description</u>	<u>Balance at Sept. 30, 2020</u>
General obligation community hospital bond (2009)	\$ <u>1,771,610</u>

C. Subsequent Events.

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

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
11/02/2020	3.35%	\$ 253,952	Capital lease	Ad valorem taxes
12/23/2020	4.54%	62,420	Capital lease	Ad valorem taxes
12/23/2020	4.54%	58,224	Capital lease	Ad valorem taxes
01/22/2021	3.35%	208,179	Capital lease	Ad valorem taxes
01/25/2021	4.89%	43,665	Capital lease	Ad valorem taxes
03/25/2021	4.65%	31,615	Capital lease	Ad valorem taxes
03/25/2021	4.65%	84,864	Capital lease	Ad valorem taxes
04/02/2021	4.05%	52,818	Capital lease	Ad valorem taxes
07/29/2021	4.24%	47,199	Capital lease	Ad valorem taxes
07/29/2021	4.29%	58,080	Capital lease	Ad valorem taxes
07/30/2021	4.09%	73,996	Capital lease	Ad valorem taxes
10/07/2022	4.46%	162,276	Financed purchase	Ad valorem taxes
11/07/2022	4.49%	77,316	Financed purchase	Ad valorem taxes
03/08/2024	6.29%	35,570	Financed purchase	Ad valorem taxes
06/21/2024	6.79%	55,584	Financed purchase	Ad valorem taxes

NOXUBEE COUNTY

SPECIAL REPORTS

NOXUBEE COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Noxubee County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Noxubee County, Mississippi (the County), as of and for the year ended September 30, 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 July 11, 2024. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2020-001, 2020-002, and 2020-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as 2020-004 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Noxubee County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2020-001 and 2020-002.

We also noted certain matters which we have reported to the management of Noxubee County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated July 11, 2024, included within this document.

Noxubee County's Responses to Findings

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

Purpose of this Report

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

JOE E. MCKNIGHT, CPA
Director, County Audit Section

July 11, 2024



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM, INVENTORY CONTROL
SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISSISSIPPI CODE OF 1972 ANNOTATED)

Members of the Board of Supervisors
Noxubee County, Mississippi

We have examined Noxubee County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with *Sections 31-7-101 through 31-7-127, Mississippi Code of 1972 Annotated*, and compliance with the purchasing requirements in accordance with the bid requirements of *Section 31-7-13, Mississippi Code of 1972 Annotated*, during the year ended September 30, 2020. The Board of Supervisors of Noxubee County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our findings and recommendations and your responses are disclosed below:

Board of Supervisors and Assistant Receiving Clerk.

1. The Assistant Receiving Clerk should be bonded as required by state law.

Repeat Finding Yes

Criteria *Section 31-7-124, Mississippi Code of 1972 Annotated*, requires each assistant receiving clerk to execute a bond for Fifty Thousand Dollars (\$50,000) to be payable, conditioned and approved as provided by law.

Condition	As reported in the prior three years' audit reports, the Assistant Receiving Clerk was not bonded during fiscal year 2020.
Cause	The County failed to comply with state law.
Effect	Failure to comply with state statutes would limit the amount available for recovery if a loss occurred.
Recommendation	The County should implement procedures to ensure the Assistant Receiving Clerk is properly bonded as required by state statute.
Views of Responsible Official(s)	The County will make sure all Receiving Clerks and Assistant Receiving Clerks are properly bonded.

Board of Supervisors and Purchase Clerk.

2.	<u>The Purchase Clerk should be bonded as required by state law.</u>
Repeat Finding	No
Criteria	<i>Section 31-7-124, Mississippi Code of 1972 Annotated</i> , requires the purchase clerk to execute a bond for Seventy Five Thousand Dollars (\$75,000) to be payable, conditioned and approved as provided by law.
Condition	The Purchase Clerk was not bonded for the entire fiscal year 2020.
Cause	The County failed to comply with state law.
Effect	Failure to comply with state statutes would limit the amount available for recovery if a loss occurred.
Recommendation	The County should implement procedures to ensure the Purchase Clerk is bonded for the entire fiscal year.
Views of Responsible Official(s)	There was a time when the bond amount increased from \$75,000 to \$100,000 and I asked the Comptroller to get it done more than one time. I also let the Board of Supervisors know it needed to be done but it was not done until November 16, 2021.

Inventory Control Clerk.

3.	<u>The Inventory Control Clerk should maintain adequate capital asset subsidiary records.</u>
Repeat Finding	Yes
Criteria	<i>Section 31-7-107, Mississippi Code of 1972 Annotated</i> , requires the Inventory Control Clerk to maintain an inventory control system. An effective system of internal control over capital assets should include adequate subsidiary records documenting the existence, completeness, and valuation of capital assets, as well as the depreciation of these assets.
Condition	As reported in the prior sixteen years' audit reports, the County did not maintain adequate subsidiary records documenting the existence, completeness and valuation of capital assets or records documenting the County's capital assets, including infrastructure, or records documenting depreciation on applicable assets.

Cause	The Inventory Control Clerk lacked the necessary control procedures to accurately maintain inventory or subsidiary records.
Effect	The failure to maintain adequate subsidiary records increases the possibility of the loss or misappropriation of public funds.
Recommendation	The Inventory Control Clerk should establish adequate control procedures to maintain accurate inventory records documenting the existence, completeness and valuation of capital assets.
Views of Responsible Official(s)	The County will work to correct and maintain capital assets.
Purchase Clerk.	
4.	<u>The Purchase Clerk should comply with all requirements of the central purchasing system.</u>
Repeat Finding	Yes
Criteria	<i>Section 31-7-103, Mississippi Code of 1972 Annotated</i> , states that the Purchase Clerk is responsible for the purchase and acquisition of all equipment, heavy equipment, machinery, supplies, commodities, materials and services acquired for the County, and maintenance of the central purchasing system. These requirements of the central purchasing system include the preparation of purchase orders only after receipt of purchase requisitions from authorized department heads, the receipt of a receiving report signed by an authorized receiving clerk before submitting an invoice for payment; and the maintenance and preservation of all purchasing records.
Condition	<p>As reported in the prior three years' audit reports, during our testing of 25 invoices for compliance with the central purchasing system requirements, the following deficiencies were noted:</p> <ul style="list-style-type: none"> a. No purchasing documents were available for twelve (12) invoices totaling \$57,204. b. The receiving report for eighteen (18) purchases totaling \$72,571 was signed by someone other than an authorized receiving clerk.
Cause	The Purchase Clerk failed to comply with state law.
Effect	Failure to follow state purchasing laws and requirements could result in unauthorized purchases and the loss or misuse of public funds.
Recommendation	The Purchase Clerk should ensure that signed and dated purchase requisitions are received before preparing a purchase order and placing an order; a receiving report signed by an authorized receiving clerk is received before submitting an invoice for payment; all purchasing documents are properly assembled and preserved for subsequent review by auditors; and at least two (2) competitive written bids are obtained for all purchases involving an expenditure of more than Five Thousand Dollars (\$5,000) but not more than Fifty Thousand Dollars (\$50,000).
Views of Responsible Official(s)	I am not aware of any missing invoices. As always, I place the invoices with the purchase orders and give it to the Accounts Payable Clerk. As for receiving, I do know that the person that receives the items needs to be bonded. As of now, I will comply with the purchasing guidelines.

5. Emergency purchases should be authorized and documented in the Board of Supervisors' minutes.

Repeat Finding No

Criteria *Section 31-7-13(k), Mississippi Code of 1972 Annotated*, requires the Board of Supervisors to authorize and document emergency purchases on its minutes, including a description of the commodity purchased, the purchase price and the nature of the emergency.

Condition An emergency purchase in the amount of \$9,180 was not documented in the Board of Supervisors' minutes.

Cause The Purchase Clerk failed to comply with state law.

Effect The lack of proper approval and documentation could result in unauthorized purchases.

Recommendation The Board of Supervisors should approve and document in its minutes all emergency purchases.

Views of Responsible Official(s)

I was not aware of the emergency purchase but I will do my best to comply.

In our opinion, because of the noncompliance referred to in the preceding paragraph, Noxubee County, Mississippi, did not comply, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 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, Mississippi Code of 1972 Annotated*. The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

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

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

JOE E. MCKNIGHT, CPA
Director, County Audit Section

July 11, 2024

NOXUBEE 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 made from other than the lowest bidder.

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

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
6/10/2020	Bridge pilings	\$ 9,180	JD Fields & Company	Bridge condition was a public safety issue.

NOXUBEE 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.

NOXUBEE COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Noxubee County, Mississippi

In planning and performing our audit of the cash basis financial statements of Noxubee County, Mississippi (the County) for the year ended September 30, 2020, we considered Noxubee County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Noxubee County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated July 11, 2024, on the financial statements of Noxubee County, Mississippi.

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

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

Board of Supervisors.

1. Actual expenditures exceeded final budgeted amounts.

Repeat Finding Yes

Criteria *Section 19-11-17, Mississippi Code of 1972 Annotated*, prohibits the Board of Supervisors from approving any claim and the Chancery Clerk from issuing any warrant for expenditures in excess of the budget estimates made and approved by the Board of Supervisors, or as thereafter revised, except upon court order, or for an emergency as provided by state law.

Condition As reported in the prior three years' audit reports, actual expenditures exceeded budgeted amounts by \$445,331 in the District One Road and Bridge Fund and by \$55,307 in the District Five Road and Bridge Fund.

Cause	The Board of Supervisors failed to comply with state law to ensure that actual expenditures were not in excess of budgeted amounts.
Effect	Failure to limit actual expenditures to budgeted amounts could result in the County having insufficient funds to pay expenditures.
Recommendation	The Board of Supervisors should implement procedures to ensure that the required budget reports are provided each month, claims in excess of budgeted amounts are not approved, and that the budget is amended if it appears expenditures will exceed currently budgeted amounts.
Views of Responsible Official(s)	The County will amend budget to actual at the end of the fiscal year.
2.	<u>The original and amended budgets should be entered in detail in the Board of Supervisors' minutes.</u>
Repeat Finding	Yes
Criteria	<i>Section 19-11-11(1), Mississippi Code of 1972 Annotated</i> , requires the Board of Supervisors to enter the original budget for the fiscal year at length and in detail in its official minutes. Additionally, <i>Section 19-11-19(1), Mississippi Code of 1972 Annotated</i> , requires any revisions made to the budget be spread upon the official minutes of the Board of Supervisors for the meeting at which any revision is made.
Condition	As reported in the prior three years' audit reports, during testwork, it was noted that the original and amended budgets for fiscal year 2020 were entered in the Board of Supervisors' minutes on the combined budget form intended for publication instead of the detailed forms as required by state law.
Cause	The County did not comply with state laws.
Effect	Failure to enter the budget details in the Board of Supervisors' minutes could result in the misappropriation of public funds.
Recommendation	The Board of Supervisors should implement procedures to ensure that the original budget and any subsequent amendments are entered in detail in the minutes of the Board of Supervisors.
Views of Responsible Official(s)	The County will make sure budgets are in the minutes.
3.	<u>The Board of Supervisors should not authorize an interest free loan to the Chancery Clerk.</u>
Repeat Finding	Yes
Criteria	The Board of Supervisors has no statutory authority to make an interest free loan to the Chancery Clerk.
Condition	As reported in the prior three years' audit reports, during test work, it was noted that payroll reimbursements from the former Chancery Clerk to the County's General Fund were received by the County between 31 and 64 days after the payroll date, with the average being 46 days. The delay in the reimbursements resulted in the former Chancery Clerk receiving interest free loans from the County.

Cause	The former Chancery Clerk did not make timely reimbursements for employees' payroll expenses and the Board of Supervisors continued to issue warrants for the payroll expenses without receiving timely reimbursement.
Effect	The County's interest-free loan to the former Chancery Clerk resulted in an illegal diversion of public funds.
Recommendation	The Board of Supervisors should implement procedures to ensure reimbursements for employees' payroll expenditures are received from the Chancery Clerk prior to issuance of warrants.
Views of Responsible Official(s)	The County will make sure the funds are received from the Chancery Clerk prior to releasing checks.
4.	<u>The County should adhere to the requirements governing the use of credit cards.</u>
Repeat Finding	Yes
Criteria	<i>Section 19-3-68, Mississippi Code of 1972 Annotated</i> , authorizes the use of a county credit card for travel by the Board of Supervisors and county employees. The Chancery Clerk or Purchase Clerk is required to maintain complete records of all credit card numbers and all receipts and other documentation relating to the use of such credit cards. The supervisors and county employees must furnish receipts for the use of such credit cards each month to the Chancery Clerk or Purchase Clerk, who shall submit a written report monthly to the Board of Supervisors. The report shall include an itemized list of all expenditures and use of the credit card for the month, and such expenditures may be allowed for payment by the County in the same manner as other items in the claims docket.
Condition	As reported in the prior three years' audit reports, during our test work, we noted that no receipts were maintained to support credit card charges and the required written report was not submitted to the Board of Supervisors each month.
Cause	The County did not comply with state law.
Effect	Failure to enforce these requirements could result in the misuse of the credit card for unauthorized and unallowable expenditures.
Recommendation	The Board of Supervisors should implement procedures to ensure that receipts for credit card charges are turned in to the Chancery Clerk or Purchase Clerk, and that the required report is submitted to the Board of Supervisors each month.
Views of Responsible Official(s)	The credit card for travel was approved by Board of Supervisors but needs to be put in the minutes with itemized list. I will do my very best to have a written report to show for the expenditures each month.
5.	<u>The Unemployment Compensation Fund's cash balance was below the required amount.</u>
Repeat Finding	Yes
Criteria	<i>Section 71-5-359(5), Mississippi Code of 1972 Annotated</i> , requires the balance in the County's unemployment compensation fund to be maintained in an amount not less than two percent (2%) of the first Six Thousand Dollars (\$6,000) of covered wages paid during the next preceding year, as required by law.

Condition	As reported in the prior three years' audit reports, as of September 30, 2020, the cash balance in the County's Unemployment Compensation Fund was a deficit in the amount of \$49,948, which was \$65,909 less than the required minimum amount.
Cause	The County did not comply with state law and maintain the required fund balance for the Unemployment Compensation Fund.
Effect	Failure to maintain the required minimum balance in the Unemployment Compensation Fund resulted in the County being in direct violation of state law.
Recommendation	The Board of Supervisors should establish procedures to ensure the balance of the Unemployment Compensation Fund is maintained at the required minimum amount.
Views of Responsible Official(s)	The County will maintain the appropriate balance in the fund.
6.	<u>The County should make the appropriate privilege tax settlement payments to the County's School District.</u>
Repeat Finding	Yes
Criteria	<i>Section 27-19-11, Mississippi Code of 1972 Annotated</i> , requires the County to distribute the proceeds from tax on carriers of property and buses as they would if these collections were ad valorem taxes.
Condition	As reported the prior two years' audit reports, during fiscal year 2020, the County did not distribute any of the additional privilege taxes to the County's School District.
Cause	The County did not follow procedures to comply with state law.
Effect	Failure to settle the additional privilege taxes to the County's School District resulted in the County being in direct violation of state law and could result in the loss or misuse of public funds.
Recommendation	The Board of Supervisors should comply with state law to ensure the additional privilege taxes received from the Mississippi Department of Revenue are settled to the County's School District, as required by law.
Views of Responsible Official(s)	The County will comply.
7.	<u>The County should make the appropriate railcar ad valorem tax settlements to the appropriate taxing districts in compliance with state law.</u>
Repeat Finding	Yes
Criteria	<i>Section 27-35-519, Mississippi Code of 1972 Annotated</i> , requires the Clerk of the Board of Supervisors to apportion the railcar ad valorem taxes to the municipalities and other taxing districts in proportion to the number of miles of railroad in the municipality or other taxing district to the number of miles of railroad in the entire county.
Condition	As reported in the prior two years' audit reports, we noted that the County did not settle the appropriate railcar ad valorem taxes to the municipalities and other taxing districts in fiscal year 2020.
Cause	The County did not comply with state law.

Effect	Failure to correctly apportion and settle the railcar taxes to the municipalities and other taxing districts resulted in incorrect settlement amounts, and could result in the misappropriation of public funds.
Recommendation	The Board of Supervisors should implement procedures to ensure the apportionment and settlement of railcar taxes is computed in compliance with state law.
Views of Responsible Official(s)	The County will distribute the taxes appropriately.
8.	<u>The Board of Supervisors should strengthen controls to ensure compliance of accounting for restricted funds.</u>
Repeat Finding	Yes
Criteria	<i>Sections 19-5-313 and 19-5-333(c)(ii), Mississippi Code of 1972 Annotated</i> , require that 911 and E911 service fees be used to provide 911 and E911 service in the county. Therefore, these service fees should be accounted for in a separate fund so that disbursement of the fees can be specifically identified.
Condition	As reported in the prior two years' audit reports, the Board of Supervisors receipted the 911 and E911 service fees into the General Fund, which is considered unrestricted.
Cause	The County did not comply with state law.
Effect	Failure to correctly receipt restricted funds into a separate restricted fund could result in the misappropriation and misuse of restricted funds.
Recommendation	The Board of Supervisors should create a separate restricted fund to account for monies received from the 911 and E911 service fees.
Views of Responsible Official(s)	The County will comply.
9.	<u>PERS retirees should complete required forms for re-employment.</u>
Repeat Finding	Yes
Criteria	Under the reemployment provisions of <i>Section 25-11-127, Mississippi Code of 1972 Annotated</i> , the Mississippi Public Employees Retirement System (PERS) requires counties hiring PERS service retirees to file PERS Form 4B "Certification/Acknowledgement of Re-employment of Retiree" with the PERS office within five (5) days of the date of employment of the retiree.
Condition	As reported in the prior year's audit report, during our testwork we noted that PERS Form 4B was not filed with PERS for three (3) service retirees employed by the County.
Cause	The County failed to comply with state laws applicable to the rehiring of PERS service retirees.
Effect	Failure to file PERS Form 4B placed the County in direct violation of state law.
Recommendation	The Board of Supervisors should implement procedures to ensure PERS Form 4B is filed with PERS for all service retirees hired by the County within five (5) days of re-employment.

**Views of Responsible
Official(s)**

The County will make sure all retirees complete the required forms.

10.

All County Supervisors should be bonded as required by state law.

Repeat Finding

No

Criteria

Section 19-3-5, Mississippi Code of 1972 Annotated, requires each member of the board of supervisors, before entering upon the duties of his office, to give bond, with sufficient surety, to be payable, conditioned and approved by law, in a penalty equal to One Hundred Thousand Dollars (\$100,000).

Condition

During our test work, we noted two board members were not bonded in fiscal year 2020.

Cause

The County did not comply with state law.

Effect

Failure to comply with state statutes and obtain a bond for each Supervisor would result in an unnecessary liability being incurred in the event of a loss or misappropriation of public funds.

Recommendation

The County should implement procedures to ensure all members of the Board of Supervisors are bonded in accordance with state law.

**Views of Responsible
Officials**

The County will make sure Supervisors are properly bonded.

Board of Supervisors and Constable.

11.

All Constables should be bonded as required by state statute.

Repeat Finding

Yes

Criteria

Section 19-19-3, Mississippi Code of 1972 Annotated, requires Constables to give bond, with sufficient surety, to be payable, conditioned and approved as provided by law and in the same manner as other county officials, in a penalty not less than Fifty Thousand Dollars (\$50,000).

Condition

As reported in the prior three years' audit reports, during our audit, we noted that one of the constables was not bonded for fiscal year 2020.

Cause

The County did not comply with the state law.

Effect

Failure to comply with state statutes and obtain a bond for each constable could result in an unnecessary liability being incurred in the event of a loss of public funds.

Recommendation

The Board of Supervisors should implement procedures to ensure all constables are bonded in accordance with state law.

**Views of Responsible
Official(s)**

The County will make sure the Constables are properly bonded.

Board of Supervisors and Justice Court Judge.

12.	<u>All Justice Court Judges should be bonded as required by state statute.</u>
Repeat Finding	Yes
Criteria	<i>Section 9-11-7, Mississippi Code of 1972 Annotated</i> , requires each Justice Court Judge to give bond, with sufficient surety, to be payable, conditioned and approved as provided by law and in the same manner as other county officers, in a penalty not less than Fifty Thousand Dollars (\$50,000). In addition, <i>Section 25-1-15(1), Mississippi Code of 1972 Annotated</i> , requires all public officials to secure a new bond at the beginning of each new term of office or every four years, whichever is less.
Condition	As reported in the prior three years' audit reports, during our audit, we noted that one of the Justice Court Judges was bonded for an indefinite period of time.
Cause	The County did not comply with state laws.
Effect	Failure to comply with state statutes and obtain a new bond at least every four years would limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The Board of Supervisors should implement procedures to ensure all Justice Court Judges are bonded in accordance with state law.
Views of Responsible Official(s)	The County will make sure the Justice Court Judges are properly bonded.

Board of Supervisors and Circuit Clerk.

13.	<u>The Circuit Clerk should be bonded as required by state statute.</u>
Repeat Finding	Yes
Criteria	<i>Section 9-7-121, Mississippi Code of 1972 Annotated</i> , requires the Circuit Clerk to give bond, with sufficient surety, to be payable, conditioned and approved as provided by law, in a penalty equal to three percent (3%) of the sum of all the state and county taxes shown by the assessment roll and the levies to have been collectible in the county for the year immediately preceding the commencement of the term of office, not to exceed the amount of One Hundred Thousand Dollars (\$100,000). In addition, <i>Section 25-1-15(1), Mississippi Code of 1972 Annotated</i> , requires all public officials to secure a new bond at the beginning of each new term of office or every four years, whichever is less.
Condition	As reported in the prior three years' audit reports, during our audit, we noted that the Circuit Clerk was bonded for an indefinite period of time.
Cause	The County did not comply with state laws.
Effect	Failure to comply with state statutes and obtain a new bond at least every four years would limit the amount available for recovery if a loss occurred over multiple terms.
Recommendation	The Board of Supervisors should implement procedures to ensure the Circuit Clerk is bonded in accordance with state law.

**Views of Responsible
Official(s)**

In regards to the two findings of Circuit Clerk and Deputy Clerks bonds, I feel that I should not be held responsible for something that was not explained to me concerning the proper procedures for bonding of the deputies. If our Chancery Clerk had explained to me the proper way to get the bond for the Clerk and Deputies, this would not have happened. The Chancery Clerk would only tell me you need to get your bond for yourself and your deputies or give me the information concerning the bonds.

Board of Supervisors and Deputy Circuit Clerks.

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

Repeat Finding Yes

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

Condition As reported in the prior three years' audit reports, during our audit, it was noted that all of the Deputy Circuit Clerks were only bonded for \$10,000 and one was bonded for an indefinite period of time.

Cause The County did not comply with state laws.

Effect Failure to obtain bonds for the correct amount and failure to obtain a new bond every four years would limit the amount available for recovery in the event a loss occurred.

Recommendation The County should implement procedures to ensure the Deputy Circuit Clerks are bonded in accordance with state law.

**Views of Responsible
Official(s)**

In regards to the two findings of Circuit Clerk and Deputy Clerks bonds, I feel that I should not be held responsible for something that was not explained to me concerning the proper procedures for bonding of the deputies. If our Chancery Clerk had explained to me the proper way to get the bond for the Clerk and Deputies, this would not have happened. The Chancery Clerk would only tell me you need to get your bond for yourself and your deputies or give me the information concerning the bonds.

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

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

Repeat Finding Yes

Criteria *Section 9-11-29(2), Mississippi Code of 1972 Annotated*, requires the Justice Court Clerk and each Deputy Justice Court Clerk to be bonded for Fifty Thousand Dollars (\$50,000). Furthermore, *Section 25-1-15(2), Mississippi Code of 1972 Annotated*, requires public employees required to give individual bond to obtain a new bond every four years concurrent with the normal election cycle of the County.

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

Cause	The County did not comply with state laws.
Effect	Failure to obtain a new bond at least every four years would limit the amount available for recovery if a loss involving the Justice Court Clerk occurred over multiple terms. In the event of a loss of public funds involving the Deputy Justice Court Clerk, the County could incur an unnecessary liability.
Recommendation	The County should implement procedures to ensure the Justice Court Clerk and Deputy Justice Court Clerk are bonded in accordance with state law.
Views of Responsible Official(s)	The Clerk acknowledges that a bond should be obtain for herself and all deputies. At this time, both clerks are bonded and copies are filed with the clerk.

Board of Supervisors and Deputy Tax Collectors.

16.	<u>All Deputy Tax Collectors should be bonded as required by state law.</u>
Repeat Finding	Yes
Criteria	<i>Section 27-1-9(a), Mississippi Code of 1972 Annotated</i> , requires each deputy tax collector to give bond to be payable, conditioned and approved as provided by law in an amount not less than Fifty Thousand Dollars (\$50,000).
Condition	As reported in the prior three years' audit reports, during our audit, it was noted that one of the Deputy Tax Collectors was not bonded.
Cause	The County did not comply with state law.
Effect	Failure to comply with state statutes and obtain a bond for all Deputy Tax Collectors could result in an unnecessary liability being incurred in the event of a loss of public funds.
Recommendation	The County should implement procedures to ensure all Deputy Tax Collectors are bonded in accordance with state law.
Views of Responsible Official(s)	I will make sure the office is in compliance and ensure all deputies are bonded during employment.

Former Chancery Clerk.

17.	<u>The former Chancery Clerk claimed unallowable expenses on the Annual Financial Report.</u>
Repeat Finding	Yes
Criteria	<i>Section 9-1-43(1), Mississippi Code of 1972 Annotated</i> , limits the compensation of the Chancery Clerk to \$94,500 after making deductions for employee salaries and related salary expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. A business expense must be adequately documented and both ordinary and necessary to be deductible. All fees received in excess of this amount, less any allowable expenses, are to be paid to the County's General Fund on or before April 15th for the preceding calendar year.
Condition	As reported in the prior three years' audit reports, the Chancery Clerk claimed expenses in the amount of \$27,903 for which there was no documentation, and were therefore unallowable on the 2020 Annual Financial Report.

Cause	The former Chancery Clerk did not comply with state laws.
Effect	Failure to claim only allowable expenses on the Annual Financial Report resulted in the former Chancery Clerk overstating expenses by \$27,903.
Recommendation	The former Chancery Clerk should ensure that only allowable expenses are claimed on the Annual Financial Report and repay the unallowable expenses to the County's General Fund.
Views of Responsible Official(s)	According to my knowledge the expenses were allowable and legal.
Auditor's Note	To be considered an allowable expense, the purchase must be adequately documented. As of the end of field work, \$27,903 in unallowable expenses was due to the County's General Fund.
18.	<u>The former Chancery Clerk should maintain a complete and accurate fee journal and reconcile bank statements to the fee journal.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control should include maintaining a complete and accurate fee journal and reconciling the monthly bank statements.
Condition	As reported in the prior two years' audit reports, during our audit, we noted that monthly bank reconciliations were not being performed.
Cause	The former Chancery Clerk lacked the necessary internal controls to ensure the bank statements are reconciled to the fee account cash journal.
Effect	The failure to maintain a complete and accurate fee journal and to reconcile the bank statements to the fee journal could result in the loss or misappropriation of public funds, understatement of income and inaccurate settlements of over the cap fee income to the County's General Fund.
Recommendation	The former Chancery Clerk should implement controls to ensure the fee journal is properly maintained and reconciled to the monthly bank statements.
Views of Responsible Official(s)	I was not aware of this situation. This was not something done intentionally. This was an oversight. If I had known about this I would have fixed it.
19.	<u>The former Chancery Clerk should only receive payment for Board of Supervisors' meetings attended.</u>
Repeat Finding	Yes
Criteria	<i>Section 25-7-9(1)(f), Mississippi Code of 1972 Annotated</i> , allows the Chancery Clerk to be paid, for each day's attendance on the Board of Supervisors, for herself and one deputy, \$20 each (\$40 per day total), provided the Clerk and the deputy actually attend the meeting.
Condition	As reported in the prior two years' audit reports, during our audit, we noted that the former Chancery Clerk was paid \$40 per day for the attendance of herself and a deputy at 36 board meetings in calendar year 2020 for a total of \$1,440. However, the Board of Supervisors' minutes indicate that neither the Clerk nor a deputy were in attendance at 12 of the meetings.

Cause	The former Chancery Clerk did not comply with state law.
Effect	Failure to comply with state law resulted in the former Chancery Clerk being paid \$480 in excess of the statutory allowance.
Recommendation	The former Chancery Clerk should implement procedures to ensure all payments received are in compliance with state law.
Views of Responsible Official(s)	Most of the time I did not attend board meeting because I was in court or in a meeting at another place. I paid the payroll clerk \$200 per month to attend board meeting in my absence.
Auditor's Note	The Payroll Clerk was not sworn in as a Deputy Chancery Clerk, and therefore, per <i>Section 25-7-9(1)(f), Mississippi Code of 1972 Annotated</i> , was not allowed to receive such payment.
Circuit Clerk.	
20.	<u>The Circuit Clerk claimed unallowable expenses on the Annual Financial Report.</u>
Repeat Finding	Yes
Criteria	<i>Section 9-1-43(1), Mississippi Code of 1972 Annotated</i> , limits the compensation of the Circuit Clerk to \$94,500 after making deductions for employee salaries and related salary expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. A business expense must be adequately documented and both ordinary and necessary to be deductible. All fees received in excess of this amount, less any allowable expenses, are to be paid to the County's General Fund on or before April 15 for the preceding calendar year.
Condition	As noted in the prior three years' audit reports, the Circuit Clerk claimed \$820 for unallowable expenses on the 2020 Annual Financial Report. These expenses were unallowable due to insufficient documentation.
Cause	The Circuit Clerk did not comply with state laws.
Effect	Failure to claim only allowable expenses on the Annual Financial Report resulted in the Circuit Clerk overstating expenses by \$820.
Recommendation	The Circuit Clerk should ensure that only allowable expenses are claimed on the Annual Financial Report.
Views of Responsible Official(s)	I apparently did not fully understand the process for purchasing from the fee account. I never purchase anything if it's not office related to my knowledge.
Auditor's Note	As stated above, the expenses were disallowed due to the lack of supporting documentation, not because of the purpose of the expenses.

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

Exception Issued On:

Mary Shelton, Former Chancery Clerk

Nature of Exception:

See Finding #17 described in this report.

Amount of Exception:

\$27,903

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

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

JOE E. MCKNIGHT, CPA
Director, County Audit Section

July 11, 2024

SCHEDULE OF FINDINGS AND RESPONSES

NOXUBEE COUNTY

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NOXUBEE 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
District Two ERBR Fund	Unmodified
District One Road and Bridge Fund	Unmodified
District Four Road and Bridge Fund	Unmodified
District Five Road and Bridge Fund	Unmodified
Aggregate remaining fund information	Unmodified
2. Internal control over financial reporting:
 - a. Material weaknesses identified? Yes
 - b. Significant deficiency identified? Yes
3. Noncompliance material to the financial statements noted? Yes

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness Material Noncompliance

2020-001. The County signed warrants without sufficient funds.

Repeat Finding Yes

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

Condition As reported in the prior three years' audit reports, warrants were issued on funds which did not have sufficient money to pay the warrants. As of September 30, 2020, the following funds had negative cash balances:

- a. SOS Election Support Fund - \$4,232
- b. JAG Grant Fund - \$5,026
- c. MDAH – Two Old Jails Rehab Project Fund - \$5,855
- d. USDA – Tower Grant Fund - \$33,732
- e. MDAH Grant – Courthouse Rehab Fund - \$62,120
- f. Recreational Trail Fund - \$19,224
- g. Library Elevator Grant Fund - \$8,258
- h. ARC Grant Fund - \$69,062
- i. Noxubee General Hospital Fund - \$13,234
- j. Youth Court Administrative Grant Fund - \$61,409

NOXUBEE COUNTY

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

- k. Law Library - \$5,343
- l. Volunteer Fire Fund - \$23,691
- m. 2% Unemployment Compensation Fund - \$49,948
- n. Multi-Purpose Building Fund - \$103,308
- o. Tombigbee Economic Development Grant Fund - \$15,551
- p. Civic Center Fund - \$280,139
- q. Arena Fund - \$43,283
- r. Rodeo Fund - \$10,000
- s. State Aid Road Projects Fund - \$41,713

Cause	The County did not comply with state law.
Effect	Failure to have sufficient cash balances in county funds prior to the signing and delivery of warrants on these funds resulted in the use of the cash balances of other funds for purposes other than the intended purpose. These types of transactions could result in the Board of Supervisors being held personally liable for such amounts.
Recommendation	The Board of Supervisors should implement procedures to ensure that no warrants are signed or delivered until there is sufficient money in the fund upon which is drawn to pay the same, as required by law.
Views of Responsible Official(s)	The County has corrected the negative cash balances and will make sure funds are available in the future.

Material Weakness Material Noncompliance

2020-002.	<u>Controls over the repayment of interfund advances should be strengthened.</u>
Repeat Finding	Yes
Criteria	The Mississippi Code is silent regarding the authority of the County to make interfund loans.
Condition	As reported in the prior three years' audit reports, the County has interfund loans that have been outstanding for over a year. These loans were made when the County experienced cash flow issues in prior years. However, these loans were not repaid as of September 30, 2020.
Cause	The County failed to repay outstanding interfund loans.
Effect	Failure to repay these loans is an illegal diversion of legally restricted funds.
Recommendation	For any interfund loans made, the Board of Supervisors should approve and record in the board minutes the reason for the loan, when the loan will be repaid and the source of the funds for repayment. The Board of Supervisors should ensure these loans are repaid by approving and recording in the board minutes a repayment schedule and complying with the repayment schedule.
Views of Responsible Official(s)	The County will make sure loans are paid timely.

NOXUBEE COUNTY

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

Material Weakness

2020-003.	<u>Bank reconciliations should be performed in a timely manner.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control over cash should include the timely reconciliation of bank statements to the County's records.
Condition	As reported in the prior three years' audit reports, during our test work, we noted that bank reconciliations were performed approximately two years after the end of the fiscal year.
Cause	The County lacked the necessary controls over cash.
Effect	Failure to reconcile the bank accounts in a timely manner increases the possibility of loss or misappropriation of public funds.
Recommendation	The Board of Supervisors should implement procedures to ensure bank reconciliations are performed on a monthly basis.
Views of Responsible Official(s)	The County will reconcile bank accounts timely.

Justice Court Clerk.

Significant Deficiency

2020-004.	<u>The Justice Court Clerk should establish adequate segregation of duties.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control over cash should include adequate segregation of duties.
Condition	As reported in the prior three years' audit reports, during our test work, it was noted that controls over cash were inadequate. The Justice Court Clerk receipted monies, prepared and delivered bank deposits, posted receipts to the cash journal, reconciled bank statements, prepared monthly settlements and made all disbursements.
Cause	The Justice Court Clerk lacked the proper segregation of duties necessary to maintain effective internal controls.
Effect	The failure to implement adequate controls over cash in the Justice Court office could result in the loss or misappropriation of public funds.
Recommendation	The Justice Court Clerk should ensure there is an adequate segregation of duties in the collecting, recording and settlement functions.
Views of Responsible Official(s)	These duties are designated to others as of now. Training for this is a process and will require constant reminding and training.