

JEFFERSON DAVIS COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2021



SHAD WHITE
STATE AUDITOR

Stephanie C. Palmertree, CPA
Deputy State Auditor

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

May 16, 2023

Members of the Board of Supervisors
Jefferson Davis County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2021 financial and compliance audit report for Jefferson Davis County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

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Shad White

JEFFERSON DAVIS COUNTY

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JEFFERSON DAVIS COUNTY

FINANCIAL SECTION

JEFFERSON DAVIS 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
Jefferson Davis County, Mississippi

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson Davis County, Mississippi, (the County) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the County's legally separate component units. Accounting principles applicable to the County's cash basis of accounting require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the cash basis assets, net position, receipts, and disbursements of the aggregate discretely presented component units is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the cash basis financial position of the aggregate discretely presented component units of Jefferson Davis County, Mississippi, as of September 30, 2021, or the changes in cash basis financial position thereof for the year then ended in accordance with accounting principles applicable to the County's cash basis of accounting.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson Davis County, Mississippi, as of September 30, 2021, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jefferson Davis County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the accompanying Reconciliation of Operating Costs of Solid Waste are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Reconciliation of Operating Costs of Solid Waste are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Reconciliation of Operating Costs of Solid Waste are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2023 on our consideration of Jefferson Davis County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jefferson Davis County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson Davis County, Mississippi's internal control over financial reporting and compliance.

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JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 16, 2023

JEFFERSON DAVIS COUNTY

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JEFFERSON DAVIS COUNTY

FINANCIAL STATEMENTS

JEFFERSON DAVIS COUNTY

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JEFFERSON DAVIS COUNTY
Statement of Net Position - Cash Basis
September 30, 2021

Exhibit 1

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash	\$ 7,971,706
Total Assets	<u>7,971,706</u>
NET POSITION	
Restricted:	
Expendable:	
General government	1,223,231
Public safety	16,631
Public works	4,358,296
Culture and recreation	167,976
Debt service	872,099
Unemployment compensation	17,255
Unrestricted	<u>1,316,218</u>
Total Net Position	<u>\$ 7,971,706</u>

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

JEFFERSON DAVIS COUNTY
Statement of Activities - Cash Basis
For the Year Ended September 30, 2021

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	\$ 7,204,429	181,281	5,205,769		(1,817,379)
Public safety	1,956,309	185,842	38,990	716,105	(1,015,372)
Public works	4,043,083	265,931	531,837		(3,245,315)
Health and welfare	185,566		28,631		(156,935)
Culture and recreation	132,903				(132,903)
Education	177,871				(177,871)
Conservation of natural resources	108,357				(108,357)
Economic development and assistance	86,802		22,600		(64,202)
Purchase of Investments	1,034,476				(1,034,476)
Debt service:					
Principal	440,904				(440,904)
Interest	33,099				(33,099)
Total Governmental Activities	\$ 15,403,799	633,054	5,827,827	716,105	(8,226,813)
General receipts:					
Property taxes				\$	7,068,672
Road & bridge privilege taxes					165,027
Grants and contributions not restricted to specific programs					667,134
Unrestricted Interest income					85,437
Miscellaneous					233,894
Sale of Investments					1,032,848
Proceeds from debt issuance					1,000,000
Sale of county property					22,904
Compensation for loss of county property					21,150
Total General Receipts and Other Cash Sources					10,297,066
Changes in Net Position					2,070,253
Net Position - Beginning, as previously reported					5,619,451
Fund reclassification					282,002
Net Position - Beginning, as restated					5,901,453
Net Position - Ending				\$	7,971,706

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

JEFFERSON DAVIS COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
September 30, 2021

Exhibit 3

	Major Funds			Other	Total
	General	ARPA Grant	Special	Governmental	Governmental
	Fund	Fund	Disaster 2020	Funds	Funds
			Fund		
ASSETS					
Cash	\$ 1,316,218	1,083,088	74,201	5,498,199	7,971,706
Total Assets	<u>\$ 1,316,218</u>	<u>1,083,088</u>	<u>74,201</u>	<u>5,498,199</u>	<u>7,971,706</u>
FUND BALANCES					
Restricted for:					
General government	\$	1,083,088	74,201	65,942	1,223,231
Public safety				16,631	16,631
Public works				4,358,296	4,358,296
Culture and recreation				167,976	167,976
Debt service				872,099	872,099
Unemployment compensation				17,255	17,255
Unassigned	1,316,218				1,316,218
Total Fund Balances	<u>\$ 1,316,218</u>	<u>1,083,088</u>	<u>74,201</u>	<u>5,498,199</u>	<u>7,971,706</u>

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

JEFFERSON DAMS COUNTY

Exhibit 4

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

Governmental Funds

For the Year Ended September 30, 2021

	Major Funds			Other	Total
	General	ARPA Grant	Special	Governmental	Governmental
	Fund	Fund	Disaster 2020	Funds	Funds
	Fund	Fund	Fund	Funds	Funds
RECEIPTS					
Property taxes	\$ 4,368,421			2,700,251	7,068,672
Road and bridge privilege taxes				165,027	165,027
Licenses, commissions and other receipts	89,243			2,248	91,491
Fines and forfeitures	104,122			-	104,122
Intergovernmental receipts	944,177	1,080,742	3,772,806	1,413,341	7,211,066
Charges for services	43,141		264,931	129,369	437,441
Interest income	38,609	2,346		44,482	85,437
Miscellaneous receipts	209,381			24,513	233,894
Total Receipts	5,797,094	1,083,088	4,037,737	4,479,231	15,397,150
DISBURSEMENTS					
General government	2,937,522		3,987,576	279,331	7,204,429
Public safety	1,772,897			183,412	1,956,309
Public works	47,958			3,995,125	4,043,083
Health and welfare	185,566				185,566
Culture and recreation	37,073			95,830	132,903
Education	177,871				177,871
Conservation of natural resources	108,357				108,357
Economic development and assistance	64,202			22,600	86,802
Debt service:					
Principal	9,051			431,853	440,904
Interest	4,335			28,764	33,099
Total Disbursements	5,344,832	0	3,987,576	5,036,915	14,369,323
Excess (Deficiency) of Receipts over (under) Disbursements	452,262	1,083,088	50,161	(557,684)	1,027,827
OTHER CASH SOURCES (USES)					
Proceeds from long-term debt issuance				1,000,000	1,000,000
Sale of county property	2,883			20,021	22,904
Compensation for loss of capital assets	21,150				21,150
Transfers in	23,865			1,733,175	1,757,040
Transfers out	(1,691,669)			(65,371)	(1,757,040)
Purchase of investments	(1,034,476)				(1,034,476)
Sale of Investments	1,032,848				1,032,848
Total Other Cash Sources and Uses	(1,645,399)	0	0	2,687,825	1,042,426
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	(1,193,137)	1,083,088	50,161	2,130,141	2,070,253
Cash Basis Fund Balances - Beginning, as previously report	2,227,353	0	24,040	3,368,058	5,619,451
Fund reclassification	282,002				282,002
Cash Basis Fund Balances - Beginning, as restated	2,509,355	0	24,040	3,368,058	5,901,453
Cash Basis Fund Balances - Ending	\$ 1,316,218	1,083,088	74,201	5,498,199	7,971,706

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

JEFFERSON DAVIS COUNTY
Statement of Fiduciary Net Position - Cash Basis
September 30, 2021

Exhibit 5

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ <u>89,751</u>
Total Assets	\$ <u><u>89,751</u></u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	\$ <u>89,751</u>
Total Net Position	\$ <u><u>89,751</u></u>

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

JEFFERSON DAVIS COUNTY
Statement of Changes in Fiduciary Net Position - Cash Basis
For the Year Ended September 30, 2021

Exhibit 6

	<u>Custodial Funds</u>
CASH ADDITIONS	
Tax collections for other governments	\$ 304,511
Licenses and fees collected for State	<u>124,466</u>
Total Additions	<u>428,977</u>
CASH DEDUCTIONS	
Payments of tax to other governments	124,466
Payments of licenses and fees to State	<u>270,240</u>
Total Deductions	<u>394,706</u>
Net increase (decrease) in fiduciary net position	34,271
Net Position - Beginning	<u>55,480</u>
Net Position - Ending	<u>\$ 89,751</u>

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

JEFFERSON DAVIS COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

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

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

JEFFERSON DAVIS COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other receipts not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the County.

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

The Government-wide, Governmental Funds and Fiduciary Funds financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

The County reports the following major Governmental Funds:

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

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

ARPA Grant Fund - This fund is used to account for the monies received from the American Rescue Plan Act of 2021 (ARPA) that are considered restricted in nature.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

FIDUCIARY FUND TYPE

Custodial Funds – Custodial Funds are used to report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

JEFFERSON DAVIS COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2021

D. Account Classifications.

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

E. Deposits and Investments.

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

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

F. Equity Classifications.

Government-wide Financial Statements:

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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.

JEFFERSON DAVIS COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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 dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed one year. The effective dates of GASB 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, were postponed eighteen months.

GASB 84, *Fiduciary Activities*, was implemented during fiscal year 2021. The objective of this statements is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

(2) Fund Reclassification (Accounting Change).

Effective October 1, 2020, and in accordance with the implementation of GASB Statement No. 84, the Payroll Clearing Fund and the Chancery Clerk Clearing Fund, previously reported as Fiduciary Funds, were reclassified and reported in the General Fund. Therefore, the County has adjusted beginning fund balance/net position for the General fund and Governmental Activities in the amount of \$282,002.

For the Fiduciary Fund Custodial Activities, the County has treated the beginning of the year net position of \$55,480 as having been recognized in the period incurred. The County has adjusted beginning net position for their fiduciary activities from \$0 to \$55,480.

JEFFERSON DAVIS COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2021, was \$8,061,457, and the bank balance was \$8,124,082. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by *Section 27-105-5, Mississippi Code of 1972 Annotated*. Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

(4) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2021:

Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 23,865
Other Governmental Funds	General Fund	1,691,669
Other Governmental Funds	Other Governmental Funds	<u>41,506</u>
Total		\$ <u>1,757,040</u>

The principal purpose of interfund transfers was to provide funds for operating purposes. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2021, to January 1, 2022. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

JEFFERSON DAVIS COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(6) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the disbursements of resources for allowable purposes. The County may be responsible for any disallowances.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

(7) Related Organizations.

The Jefferson Davis County Board of Supervisors is responsible for appointing a voting majority of the members of the board of the Prentiss/Jefferson Davis County Airport, but the County's accountability for this organization does not extend beyond making the appointment. The County contributed \$5,000 for the airport's support in fiscal year 2021.

(8) Joint Venture.

The County participates in the following joint venture:

Jefferson Davis County is a participant with Marion County in a joint venture, authorized by *Section 39-3-9, Mississippi Code of 1972 Annotated*, to operate the South Mississippi Regional Library. The joint venture was created to provide library service for the Counties of Jefferson Davis and Marion, and is governed by a five-member board. The two counties rotate board appointments so each county has majority of the board members in alternate years. Complete financial statements for the South Mississippi Regional Library can be obtained from the Marion County branch located at 900 Broad Street, Columbia, Mississippi. The County contributed \$95,500 for support of the library in fiscal year 2021.

(9) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Pearl River Valley Opportunity, Incorporated, operates in a district composed of the Counties of Covington, Forrest, Jefferson Davis, Jones, Lamar, Marion, Pearl River and Perry. The entity was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Jefferson Davis County Board of Supervisors appoints one of the 24 members of the board of directors. The primary source of funding for the entity is derived from federal funds. The County contributed \$5,000 for support of the district in fiscal year 2021.

Southeast Mississippi Air Ambulance District operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Marion, Pearl River, Perry, Stone and Walthall. The Jefferson Davis County Board of Supervisors appoints one of the nine members of the board of directors. The County contributed \$48,850 for support of the district in fiscal year 2021.

Pearl River Community College Operates in a district composed of the Counties of Forrest, Hancock, Jefferson Davis, Lamar, Marion and Pearl River. The Jefferson Davis County Board of Supervisors appoints two of the 16 members of the college board of trustees. The County contributed \$246,740 for maintenance and support of the college in fiscal year 2021.

JEFFERSON DAVIS COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Jefferson Davis County Board of Supervisors appoints one of the 27 members of the board of directors. The County contributed \$21,250 for support of the district in fiscal year 2021.

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Jones, Lamar, Marion, Perry and Wayne. The Jefferson Davis County Board of Supervisors appoints one of the nine members of the board of commissioners. The County contributed \$31,000 for support of the entity in fiscal year 2021.

Pearl and Leaf River Rails-to-Trails Recreational District operates in a district composed of the Counties of Forrest, Jefferson Davis and Lamar, and the Cities of Bassfield, Hattiesburg, Prentiss and Sumrall. The Jefferson Davis County Board of Supervisors appoints one of the seven members of the board of directors. The County contributed \$19,623 for support of the district in fiscal year 2021.

(10) Defined Benefit Pension Plan.

Plan Description. Jefferson Davis County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by *Mississippi Code of 1972 Annotated Section 25-11-1 et seq.* 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, 2021, 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, 2021 was 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2021, 2020 and 2019 were \$500,389, \$494,086, and \$431,261, respectively, equal to the required contributions for each year.

(11) Tax Abatements.

As of September 30, 2021, Jefferson Davis County provides tax exempt status to one network communications company subject to the requirements of GASB Statement No.77. This Company is exempt from real property taxes and personal property taxes except for levies involving the school, the mandatory mill, and community college tax levies. This exemption is authorized under *Sections 27-31-101 and 27-31-104 of the Mississippi Code of 1972 Annotated.* This exemption encourages businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2021 totaled \$2,177.

JEFFERSON DAVIS COUNTY

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JEFFERSON DAVIS COUNTY

SUPPLEMENTARY INFORMATION

JEFFERSON DAVIS COUNTY

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JEFFERSON DAVIS COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal AL Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Community facilities loans and grants cluster:			
Community facilities loans and grants (Direct grant)	10.766	N/A	\$ 21,800
Total Community facilities loans and grants cluster			<u>21,800</u>
Total U.S. Department of Agriculture			<u>21,800</u>
U.S. Department of Housing and Urban Development			
Passed-through the Mississippi Home Corporation			
Home investment partnerships program	14.239	1230-M18-SG-280-033	<u>22,600</u>
Total U.S. Department of Housing and Urban Development			<u>22,600</u>
U.S. Department of the Treasury			
Passed-through the Administrative Office of Courts			
Coronavirus relief fund	21.019	1728-33CH-10022020	<u>1,707</u>
Total U.S. Department of the Treasury			<u>1,707</u>
U.S. Department of Homeland Security			
Passed-through the Mississippi Emergency Management Agency			
Disaster grants - public assistance (Presidentially declared disasters)*	97.036	FEMA-4536-DR-MS	2,643,313
Disaster grants - public assistance (Presidentially declared disasters)*	97.036	FEMA-4551-DR-MS	<u>1,179,520</u>
Subtotal			<u>3,822,833</u>
Emergency management performance grants	97.042	Unknown	<u>17,190</u>
Total U.S. Department of Homeland Security			<u>3,840,023</u>
Total Expenditures of Federal Awards			<u>\$ 3,886,130</u>

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

JEFFERSON DAVIS COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Jefferson Davis County under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Jefferson Davis County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Jefferson Davis County.

Note B - Summary of Significant Accounting Policies

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

Note C - Indirect Cost Rate

Jefferson Davis County has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note D - Disaster grants - public assistance (Presidentially declared disasters) - ALN 97.036

After a Presidential declared disaster, FEMA provides Disaster grants - public assistance (Presidentially declared disasters) (ALN 97.036) to reimburse eligible costs associated with repair, replacement or restoration of disaster-damaged facilities. The federal government makes reimbursements in the form of cost-shared grants that require state matching funds. In fiscal year 2021, FEMA approved \$3,822,833 in eligible expenditures that were incurred in the prior fiscal year. These approved eligible expenditures are included on the SEFA for the year ended September 30, 2021.

* Denotes major federal award program

JEFFERSON DAVIS COUNTY
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2021

Operating Disbursements, Cash Basis:

Salaries	\$	270,112
Expendable Commodities:		
Gasoline and petroleum products		31,753
Repair parts		18,297
Supplies		2,027
Maintenance		7,707
Contractual services		144,701
Equipment		<u>1,787</u>
Solid Waste Operating Costs Disbursements	\$	<u><u>476,384</u></u>

JEFFERSON DAVIS COUNTY

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JEFFERSON DAVIS COUNTY

OTHER INFORMATION

JEFFERSON DAVIS COUNTY

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JEFFERSON DAVIS COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2021
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 4,399,129	4,368,421	4,368,421	
Licenses, commissions and other receipts	93,000	89,243	89,243	
Fines and forfeitures	83,000	104,122	104,122	
Intergovernmental receipts	708,850	944,177	944,177	
Charges for services	20,000	43,141	43,141	
Interest income	11,800	38,609	38,609	
Miscellaneous receipts	143,000	209,381	209,381	
Total Receipts	<u>5,458,779</u>	<u>5,797,094</u>	<u>5,797,094</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	2,972,725	2,937,522	2,937,522	0
Public safety	1,657,440	1,772,897	1,772,897	
Public works	5,000	47,958	47,958	
Health and welfare	202,931	185,566	185,566	
Culture and recreation	69,100	37,073	37,073	
Education	178,000	177,871	177,871	
Conservation of natural resources	112,170	108,357	108,357	
Economic development and assistance	68,700	64,202	64,202	
Debt service:				
Principal		9,051	9,051	
Interest		4,335	4,335	
Total Disbursements	<u>5,266,066</u>	<u>5,344,832</u>	<u>5,344,832</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>192,713</u>	<u>452,262</u>	<u>452,262</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Purchase of investments		(1,034,476)	(1,034,476)	
Sale of investments		1,032,848	1,032,848	
Sale of county property		2,883	2,883	
Compensation for loss of county property		21,150	21,150	
Transfers in		23,865	23,865	
Transfers out	(530,000)	(1,691,669)	(1,691,669)	
Total Other Cash Sources and Uses	<u>(530,000)</u>	<u>(1,645,399)</u>	<u>(1,645,399)</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(337,287)</u>	<u>(1,193,137)</u>	<u>(1,193,137)</u>	<u>0</u>
Cash Basis Fund Balances - Beginning	<u>1,750,000</u>	<u>2,509,355</u>	<u>2,509,355</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 1,412,713</u>	<u>1,316,218</u>	<u>1,316,218</u>	<u>0</u>

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

JEFFERSON DAVIS COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Special Disaster 2020 Fund
 For the Year Ended September 30, 2021
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental receipts	3,000,000	3,772,806	3,772,806	
Charges for services		264,931	264,931	
Total Receipts	<u>3,000,000</u>	<u>4,037,737</u>	<u>4,037,737</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government		3,987,576	3,987,576	
Public works	3,000,000			
Total Disbursements	<u>3,000,000</u>	<u>3,987,576</u>	<u>3,987,576</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>0</u>	<u>50,161</u>	<u>50,161</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses		50,161	50,161	0
Cash Basis Fund Balances - Beginning	<u>25,000</u>	<u>24,040</u>	<u>24,040</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 25,000</u>	<u>74,201</u>	<u>74,201</u>	<u>0</u>

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

JEFFERSON DAVIS COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 ARPA Grant Fund
 For the Year Ended September 30, 2021
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental receipts		1,080,742	1,080,742	
Interest income		2,346	2,346	
Total Receipts	<u>0</u>	<u>1,083,088</u>	<u>1,083,088</u>	<u>0</u>
DISBURSEMENTS				
Total Disbursements	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>0</u>	<u>1,083,088</u>	<u>1,083,088</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	0	1,083,088	1,083,088	0
Cash Basis Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 0</u>	<u>1,083,088</u>	<u>1,083,088</u>	<u>0</u>

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

JEFFERSON DAVIS COUNTY
Schedule of Investments
For the Year Ended September 30, 2021
UNAUDITED

Fund	Description	Beginning Date	Maturity Date	Interest Rate	Balance October 1, 2020	Purchases	Redeemed Sales	Balance September 30, 2021
GENERAL FUND								
007 Severance Tax	Certificates of Deposit	10/18/19	10/18/20	0.80%	\$ 1,032,848		1,032,848	
007 Severance Tax	Certificates of Deposit	10/18/20	10/18/21	0.10%		1,034,476		1,034,476
Total General Fund				\$	1,032,848	1,034,476	1,032,848	1,034,476
TOTAL GOVERNMENTAL FUNDS				\$	1,032,848	1,034,476	1,032,848	1,034,476

JEFFERSON DAVIS COUNTY
Schedule of Interfund Advances
For the Year Ended September 30, 2021
UNAUDITED

The following is a summary of interfund balances at September 30, 2021:

A. Advances From/To Other Funds:

Receivable Fund	Payable Fund	Balance at Sept. 30, 2021
General Fund	Other Governmental Funds	\$ 2,166
Other Governmental Funds	Other Governmental Funds	<u>2,549</u>
Total		\$ <u>4,715</u>

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

JEFFERSON DAVIS COUNTY
Schedule of Capital Assets
For the Year Ended September 30, 2021
UNAUDITED

Governmental activities:

	Balance Oct. 1, 2020	Additions	Deletions	Balance Sept. 30, 2021
Land	\$ 471,323			471,323
Infrastructure	51,865,808	1,455,650		53,321,458
Buildings	5,752,437			5,752,437
Improvements other than buildings	1,692,257			1,692,257
Mobile equipment	6,545,447	373,970	459,854	6,459,563
Furniture and equipment	1,183,173	57,340		1,240,513
Leased property under capital leases	475,980			475,980
Total capital assets	\$ 67,986,425	1,886,960	459,854	69,413,531

JEFFERSON DAVIS COUNTY
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2021
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2021:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2020	Issued	Principal Payments	Balance Sept. 30, 2021
Governmental Activities:							
A. General Obligation Bonds:							
Hospital bond	06/2003	04/2025	4.25%	\$ 472,903		104,047	368,856
B. Capital Leases:							
New Holland tractor w/ Tiger mower	05/2020	05/2024	2.37%	85,003		22,456	62,547
New Holland tractor w/ Rhino cutter	03/2020	03/2023	2.34%	64,597		25,386	39,211
New Holland tractor w/ Tiger mower	08/2020	08/2024	1.74%	114,343		28,458	85,885
New Holland tractor w/ Tiger mower	06/2020	06/2024	2.37%	106,030		27,361	78,669
New Holland tractor w/ Rhino cutter	03/2020	03/2024	2.37%	67,830		18,810	49,020
C. Other Loans:							
Access road improvement	02/2014	02/2034	3.00%	147,151		9,051	138,100
Road and bridge construction	11/2017	01/2021	2.61%	205,335		205,335	
Road and bridge construction	04/2021	03/2026	1.49%		1,000,000		1,000,000
Total				\$ 1,263,192	1,000,000	440,904	1,822,288

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

JEFFERSON DAVIS COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2021
UNAUDITED

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

JEFFERSON DAVIS COUNTY

Notes to the Other Information
For the Year Ended September 30, 2021

(1) Budgetary Comparison Information.

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

(2) Long-term Debt Information:

A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2021, the amount of outstanding debt was equal to 1.16% of the latest property assessments.

B. Subsequent Events.

Subsequent to September 30, 2021, 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>
12/06/2021	1.59%	\$ 334,000	Financed purchase	Ad valorem taxes
03/07/2022	2.30%	7,637,000	Certificates of Participation	Ad valorem taxes

JEFFERSON DAVIS COUNTY

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JEFFERSON DAVIS COUNTY

SPECIAL REPORTS

JEFFERSON DAVIS 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
Jefferson Davis County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson Davis County, Mississippi (the County), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 16, 2023. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, 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 Questioned Costs as 2021-001 and 2021-003 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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2021-002 and 2021-004 to be significant deficiencies.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson Davis County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Jefferson Davis County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated May 16, 2023, included within this document.

Jefferson Davis County's Responses to Findings

Jefferson Davis County's responses to the findings identified in our audit are described in the accompanying Auditee's Corrective Action Plan. Jefferson Davis County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 16, 2023



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Jefferson Davis County, Mississippi

Report on Compliance for the Major Federal Program

We have audited Jefferson Davis County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Jefferson Davis County, Mississippi's major federal program for the year ended September 30, 2021. Jefferson Davis County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Jefferson Davis County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 16, 2023



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Jefferson Davis County, Mississippi

We have examined Jefferson Davis County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with *Sections 31-7-101 through 31-7-127, 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, 2021. The Board of Supervisors of Jefferson Davis County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

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

Purchase Clerk.

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

Repeat Finding Yes

Criteria *Section 31-7-103, Mississippi Code of 1972 Annotated*, requires a purchase requisition, purchase order, and receiving report for all purchases of more than Two Thousand Dollars (\$2,000) in the aggregate. Further, the Purchase Clerk is required to maintain the central purchasing system of the county.

Condition As reported in the prior year's audit report, deficiencies were noted in the central purchasing system of the County. We noted one instance where there was no date provided on a receiving report, one instance where there was no date provided on a purchase requisition and one instance where purchasing documents were not in logical sequence.

Cause The Purchase Clerk did not comply with state laws.

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

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

Views of Responsible Official(s) Will comply.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Jefferson Davis County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2021.

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.

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 16, 2023

JEFFERSON DAVIS COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder

For the Year Ended September 30, 2021

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

JEFFERSON DAVIS COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2021

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
4/20/2021	Polyurethane resins	\$ 10,000	Helms Polyfoam	Emergency repair of compromised culverts due to heavy rain.

JEFFERSON DAVIS COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2021

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

JEFFERSON DAVIS 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
Jefferson Davis County, Mississippi

In planning and performing our audit of the cash basis financial statements of Jefferson Davis County, Mississippi (the County) for the year ended September 30, 2021, we considered Jefferson Davis County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Jefferson Davis County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated May 16, 2023, on the financial statements of Jefferson Davis County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with *Section 7-7-211, 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 immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors

1. Credit Card charges were not properly presented before the Board of Supervisors.

Repeat Finding No

Criteria *Section 19-3-68, Mississippi Code of 1972 Annotated*, specifies the requirements governing the use of a county credit card for travel. The chancery clerk or purchase clerk shall 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 shall 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. Such expenditures may be allowed for payment by the county in the same manner as other items on the claims docket.

Condition	During our audit of fiscal year 2021, we noted that there were no itemized reports compiled and presented to the Board of Supervisors on a monthly basis. The County also failed to maintain adequate receipts and documentation for credit card charges.
Cause	The County did not comply with state laws.
Effect	Failure to enforce these requirements could result in the misuse of the credit card for unauthorized and disallowed expenditures, and could result in the loss of public funds.
Recommendation	The Purchase Clerk should ensure that a monthly report itemizing the expenditures and use of the credit card is submitted to the Board of Supervisors, and that adequate receipts and documentation are maintained.

Views of Responsible Official(s) We will comply.

2. Required forms for re-employment of retirees should be properly completed.

Repeat Finding No

Criteria The Mississippi Public Employees Retirement System (PERS) requires, under the re-employment provisions of *Section 25-11-127, Mississippi Code of 1972 Annotated*, 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 from the date of employment of the retiree. Furthermore, *Section 25-11-127(6)(a), Mississippi Code of 1972 Annotated*, requires rehired retirees to file annually, in writing, a waiver of all salary or compensation and elect to receive in lieu of that salary or compensation a retirement allowance, or elect to receive compensation for the elected office in an amount not to exceed twenty-five percent (25%) of the retiree's average compensation.

Condition During test work, we noted that three (3) PERS Form 4Bs had not been completed and submitted to the Mississippi Public Employees Retirement System for fiscal year 2021.

Cause The County did not comply with state laws.

Effect By not completing and submitting a PERS Form 4B annually for each rehired retiree, the County is not in compliance with state legal requirements.

Recommendation The County should implement procedures to ensure that the PERS Form 4Bs are completed and submitted to PERS annually for each rehired retiree.

Views of Responsible Official(s) We will comply.

Circuit Clerk

3. The Circuit Clerk understated fees subject to the cap on the Annual Financial Report.

Repeat Finding No

Criteria *Section 9-1-43(1), Mississippi Code of 1972 Annotated*, limits the compensation of the Circuit Clerk to \$94,500 after making deduction for employees' salaries and related salary expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. All fees received in excess of this amount, less any allowable expenses, are to be deposited by the Clerk into the County's General Fund on or before April 15th for the preceding calendar year.

Condition	Based on test work performed on the Circuit Clerk's 2021 Annual Financial Report, the Clerk understated fees subject to the cap by \$1,100 for the 2021 calendar year.
Cause	The Circuit Clerk failed to detect recording errors on the Annual Financial Report.
Effect	Understating fee revenue on the Annual Financial Report resulted in an additional amount of \$1,100 being owed to the County.
Recommendation	The Circuit Clerk should file an amended 2021 Annual Financial Report with the Office of the State Auditor and the Mississippi Public Employees Retirement System and should settle the additional \$1,100 over the salary cap to the County's General Fund. Additionally, the Circuit Clerk should establish procedures to ensure that future fees reported on the Annual Financial Report are complete and accurate.
Views of Responsible Official(s)	I agree with finding, I will comply.
Auditor's Note	The Circuit Clerk settled \$1,100 to the County's General Fund on December 12, 2022, as evidenced by receipt warrant number 19254.

Chancery Clerk

4. The Chancery Clerk should settle any amounts in excess of fee cap to the County and submit an Annual Financial Report, as required by law.

Repeat Finding No

Criteria *Section 9-1-43(1), Mississippi Code of 1972 Annotated*, limits the compensation of the Chancery Clerk to \$94,500 after making deduction for employees' salaries and related salary expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. All fees received in excess of this amount, less any allowable expenses, are to be deposited by the Clerk into the County's General Fund on or before April 15th for the preceding calendar year. Additionally, *Section 9-1-45(1), Mississippi Code of 1972 Annotated*, states a Chancery Clerk shall file, no later than April 15 of each year, with the State Auditor of Public Accounts immediately after January 1 of each year. The form shall include the following information: (a) revenues subject to the salary cap, including fees; (b) revenues not subject to the salary cap; and (c) expenses of office, including any salary paid to a clerk's spouse or children. Each Chancery Clerk shall provide any additional information requested by the Public Employees' Retirement System for the purpose of retirement calculations.

Condition	The following deficiencies were noted: <ul style="list-style-type: none"> a. The Chancery Clerk exceeded the salary limitation by \$23,262.46 for the 2021 calendar year and failed to settle these funds to the County's General Fund by April 15th for the preceding calendar year. b. The Chancery Clerk failed to file an Annual Financial Report for the calendar year 2021 with the Office of the State Auditor and the Public Employees' Retirement System (PERS) on or before April 15th for the preceding calendar year.
Cause	The Chancery Clerk did not comply with state laws.
Effect	Failure to submit an Annual Financial Report to the Office of the State Auditor and PERS, as well as failure to settle any amount in excess of the salary limitation could result in the loss or misappropriation of public funds.

Recommendation	The Chancery Clerk should submit an Annual Financial Report to the Office of the State Auditor and PERS by April 15 th for the preceding calendar year. Fees received in excess of the salary limitation should be settled to the County's General Fund not later than April 15 th for the preceding calendar year, as required by law.
Views of Responsible Official(s)	I will comply.
Auditor's Note	As of the end of audit field work, \$17,762 of the amount in excess of the salary limitation was due to the County's General Fund.
5.	<u>The Chancery Clerk claimed unallowable expenses on the Annual Financial Report.</u>
Repeat Finding	No
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 expenses and expenses allowed as deductions by Schedule C of the Internal Revenue Code. A business expense must be 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 th for the preceding calendar year.
Condition	The Chancery Clerk claimed expenses in the amount of \$305, which was not an allowable expense, on the 2021 Annual Financial Report.
Cause	The Chancery Clerk did not comply with state laws.
Effect	Failure to claim only allowable expenses on the Annual Financial Report resulted in the Chancery Clerk overstating expenses by \$305.
Recommendation	The Chancery Clerk should ensure that only allowable expenses are claimed on the Annual Financial Report and should reimburse the County's General Fund in the amount of \$305.
Views of Responsible Official(s)	I will comply.
Auditor's Note	As of the end of audit field work, \$305 in unallowable expenses was due to the County's General Fund.
6.	<u>The Chancery Clerk should reconcile bank statements for land redemption on a monthly basis.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control over cash should include the reconciliation of land redemption bank accounts on a monthly basis.
Condition	As reported in the prior six years' audit reports, the bank statements for the land redemption account were not reconciled. During a cash count on November 9, 2022, an unidentified shortage of \$2,172.33 was noted in the land redemption bank account.
Cause	The Chancery Clerk did not have the necessary internal controls over cash.
Effect	The failure to reconcile the land redemption bank account correctly and on a monthly basis could result in the loss or misappropriation of public funds.
Recommendation	The Chancery Clerk should implement a system that ensures the land redemption bank account is correctly reconciled on a monthly basis.

**Views of Responsible
Official(s)**

I will comply.

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

Exception Issued On:

Charlene Fairley, Chancery Clerk

Nature of Exception:

See Findings #4 and #5 described in this report.

Amount of Exception:

\$18,067

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 16, 2023

JEFFERSON DAVIS COUNTY

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JEFFERSON DAVIS COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JEFFERSON DAVIS COUNTY

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JEFFERSON DAVIS COUNTY

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2021

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
ARPA Grant Fund	Unmodified
Special Disaster 2020 Fund	Unmodified
Aggregate remaining fund information	Unmodified

2. Internal control over financial reporting:

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

3. Noncompliance material to the financial statements noted? No

Federal Awards:

4. Internal control over major federal programs:

a. Material weakness identified?	No
b. Significant deficiency identified?	None Reported

5. Type of auditor's report issued on compliance for major federal programs: Unmodified

6. Any audit finding(s) disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

7. Identification of major federal programs:

ALN 97.036, Disaster grants - public assistance (Presidentially declared disasters)

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000

9. Auditee qualified as low-risk auditee? No

10. Prior fiscal year audit finding(s) and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings in accordance with 2 CFR 200.511(b)? Yes

JEFFERSON DAVIS COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021

Section 2: Financial Statement Findings

Board of Supervisors and Payroll Clerk.

Material Weakness

2021-001. Internal controls over the payroll function should be strengthened.

Repeat Finding Yes

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

Condition As reported in the prior four years' audit reports, during our tests of the payroll system, it was noted that the Payroll Clerk had the authorization to process payroll checks, setup new employees, change pay rates, and reconcile the bank statement. Additionally, it was noted that the account had not been reconciled for all months of fiscal year 2021.

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

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

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

Views of Responsible Official(s) See Auditee's Corrective Action Plan.

Board of Supervisors.

Significant Deficiency

2021-002. The County should maintain an accounts receivable subsidiary ledger for amounts due to the jail for housing prisoners.

Repeat Finding Yes

Criteria An effective system of internal control over billing and collections should include an accounts receivable ledger to ensure that all amounts billed and owed to the County are collected.

Condition The Board of Supervisors invoices the Town of Prentiss for the housing of city prisoners in the County's jail. As reported in the prior two years' audit reports, we noted that nine (9) of the receipts from the Town of Prentiss did not match the invoices that were sent to the Town. In addition, billing adjustments were being allowed without Board of Supervisors' approval. Only the Board of Supervisors has the authority to approve billing adjustments. We know of no authority that allows the Board of Supervisors to forgive a debt to the County.

Cause The County lacks the necessary internal controls over the collection of receivables for housing prisoners for the Town of Prentiss.

JEFFERSON DAVIS COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021

Effect	Failure to maintain an accounts receivable subsidiary ledger and allowing unauthorized billing adjustments could result in a loss of revenue for the County.
Recommendation	The Board of Supervisors should adopt a policy for approval of billing adjustments and create an accounts receivable subsidiary ledger to monitor past due amounts owed to the County.
Views of Responsible Official(s)	See Auditee's Corrective Action Plan.

Tax Assessor-Collector.

Material Weakness

2021-003. Controls over the Tax Assessor-Collector's cash journal should be strengthened.

Repeat Finding Yes

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

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

- a. A cash count on October 27, 2022, revealed an unidentified overage of \$15,922.65 in the Tax Assessor-Collector's bank account.
- b. The Tax Assessor-Collector is not reconciling the bank statement to a cash journal.
- c. Receipts have not been entered into the cash journal as of the date of the cash count.

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

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

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

Views of Responsible Official(s) See Auditee's Corrective Action Plan.

Auditor's Note We did not perform an audit of the November 2022 cash balances and can only report on the cash count performed on October 27, 2022, which resulted in an overage of \$15,922.65.

JEFFERSON DAVIS COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021

Sheriff.

Significant Deficiency

2021-004. Sheriff's Office is not making deposits in a timely manner.

Repeat Finding Yes

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

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

Cause This is due to inadequate controls surrounding the depositing of revenue collected in the Sheriff's Office.

Effect Inadequate controls surrounding the deposits of revenue collections could result in theft of assets and improper revenue recognition.

Recommendation We recommend that all revenue collected in the Sheriff's Office be deposited in a timely manner.

Views of Responsible Official(s) See Auditee's Corrective Action Plan.

Section 3: Federal Award Findings and Questioned Costs

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

JEFFERSON DAVIS COUNTY

AUDITEE'S CORRECTIVE ACTION PLAN
AND
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

JEFFERSON DAVIS COUNTU

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Board of Supervisors Jefferson Davis County, Mississippi

2426 Pearl Avenue • P.O. Box 1317
Prentiss, Mississippi 39474
Phone: 601-792-4336 Fax: 601-792-4038

Macon C. Holliman Jr., District One
Charles W. Reid, District Two
Demario Booth, District Three
Terry Mathis, District Four
Bobby R. Rushing, District Five
Charlene H. Fairley, Chancery Clerk
Wes Daughdrill, Board Attorney

CORRECTIVE ACTION PLAN

March 15, 2023

Office of the State Auditor
501 N. West Street, Suite 801
Jackson, Mississippi 39201

Gentlemen:

Jefferson Davis County respectfully submits the following corrective action plan for the year ended September 30, 2021.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section 1: Summary of Auditor's Results, does not include findings and is not addressed.

Section 2: FINANCIAL STATEMENT FINDINGS

2021-001. Corrective action planned: We will comply.

Anticipated Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action: Bobby Rushing, President, Board of Supervisors

2021-002. Corrective action planned: We will comply.

Anticipated Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action: Bobby Rushing, President, Board of Supervisors

2021-003. Corrective action planned: I am not going to settle that to the Board at this time. I need to do a little bit more research because I balanced my November statement and it is not over that much money.

Anticipated Completion Date: Unknown

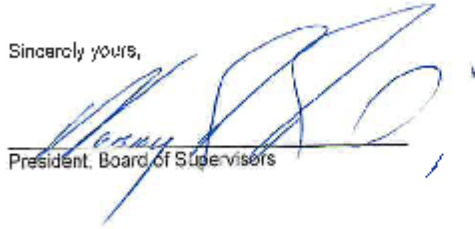
Name of Contact Person Responsible for Corrective Action: Kelley R. Brown, Tax Assessor-Collector

2021-004. Corrective action planned: I will comply with the rules.

Anticipated Completion Date: Unknown

Name of Contact Person Responsible for Corrective Action: Ron Strickland, Sheriff

Sincerely yours,

A handwritten signature in blue ink, appearing to be "Denny R. [unclear]", written over a horizontal line.

President, Board of Supervisors



Board of Supervisors Jefferson Davis County, Mississippi

2426 Pearl Avenue • P.O. Box 1317
Prentiss, Mississippi 39474
Phone: 601-792-4336 Fax: 601-792-4038

Macon C. Holliman Jr., District One
Charles W. Reid, District Two
Demario Booth, District Three
Terry Mathis, District Four
Bobby R. Rushing, District Five
Charlene H. Fairley, Chancery Clerk
Wes Daughdrill, Board Attorney

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

March 15, 2023

Office of the State Auditor
501 N. West Street, Suite 801
Jackson, Mississippi 39201

Gentlemen:

The Jefferson Davis County Board of Supervisors respectfully submits the following Summary Schedule of Prior Audit Findings for the year ended September 30, 2021.

The findings from the prior year's Schedule of Findings and Responses are discussed below. The findings are numbered with the numbers assigned in the first year of issuance. Section 1: Summary of Auditor's Results, does not include findings and is not addressed.

Section 2: FINANCIAL STATEMENT FINDINGS

- 2017-003. Internal controls over the payroll function should be strengthened.
NOT CORRECTED.
No corrective action has been taken at this time.
- 2017-001. Various part-time employees paid as full-time employees.
CORRECTED
- 2019-005. The County should maintain an accounts receivable subsidiary ledger for amounts due to the jail for housing prisoners.
NOT CORRECTED.
No corrective action has been taken at this time.
- 2017-007. Controls over the Tax Assessor-Collector's cash journal should be strengthened.
NOT CORRECTED.
No corrective action has been taken at this time.

2017-004. Sheriff's Office is not making deposits in a timely manner.

NOT CORRECTED.

No corrective action has been taken at this time.

Sincerely yours,

A handwritten signature in blue ink, appearing to be "Raymond J. [unclear]", written over a horizontal line.

President, Board of Supervisors