

NEWTON 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

www.osa.state.ms.us



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

Shad White
AUDITOR

February 7, 2023

Members of the Board of Supervisors
Newton County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2021 financial and compliance audit report for Newton 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 Newton County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Newton County. If I or this office can be of any further assistance, please contact me or Joe McKnight of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White", is written over a horizontal line.

Shad White

NEWTON COUNTY
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NEWTON COUNTY

FINANCIAL SECTION

NEWTON 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
Newton County, Mississippi

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Newton 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 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.

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, the business-type activities, the major fund, and the aggregate remaining fund information of Newton 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 Newton 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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2023 on our consideration of Newton 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 Newton 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 Newton County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 7, 2023

NEWTON COUNTY

FINANCIAL STATEMENTS

NEWTON COUNTY

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

Exhibit 1

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash	\$ 10,734,188		10,734,188
Total Assets	<u>10,734,188</u>	<u>0</u>	<u>10,734,188</u>
NET POSITION			
Restricted:			
Expendable:			
General government	3,568,080		3,568,080
Public safety	2,112,101		2,112,101
Public works	5,031,072		5,031,072
Culture and recreation	20,116		20,116
Debt service	46,414		46,414
Unrestricted	(43,595)		(43,595)
Total Net Position	<u>\$ 10,734,188</u>	<u>0</u>	<u>10,734,188</u>

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

NEWTON 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	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,457,639	487,227	43,085		(2,927,327)		(2,927,327)
Public safety	3,446,912	423,865	502,697	41,388	(2,478,962)		(2,478,962)
Public works	6,898,322		800,606	2,046,702	(4,051,014)		(4,051,014)
Health and welfare	124,763		18,314		(106,449)		(106,449)
Culture and recreation	97,367				(97,367)		(97,367)
Education	389,772				(389,772)		(389,772)
Conservation of natural resources	159,468				(159,468)		(159,468)
Economic development and assistance	47,228				(47,228)		(47,228)
Debt service:							
Principal	1,099,628				(1,099,628)		(1,099,628)
Interest	172,503				(172,503)		(172,503)
Total Governmental Activities	15,893,602	911,092	1,364,702	2,088,090	(11,529,718)	0	(11,529,718)
Business-type activities:							
Solid waste	1,038,873	848,398				(190,475)	(190,475)
Total Business-type Activities	1,038,873	848,398	0	0		(190,475)	(190,475)
Total Primary Government	\$ 16,932,475	1,759,490	1,364,702	2,088,090	(11,529,718)	(190,475)	(11,720,193)

NEWTON 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 Governmental Activities	Business-type Activities	Total
General receipts:							
Property taxes					\$ 7,519,196		7,519,196
Road & bridge privilege taxes					272,385		272,385
Grants and contributions not restricted to specific programs					1,388,764	37,110	1,425,874
Unrestricted gifts and donations					10,100		10,100
Unrestricted interest income					18,699	174	18,873
Miscellaneous					395,802		395,802
Proceeds from debt issuance					1,449,695		1,449,695
Sale of county property					161,863	35,850	197,713
Compensation for loss of county property					4,575		4,575
Transfers					(14,038)	14,038	0
Total General Receipts, Other Cash Sources and Transfers					11,207,041	87,172	11,294,213
Changes in Net Position					(322,677)	(103,303)	(425,980)
Net Position - Beginning, as previously reported					11,048,485	103,303	11,151,788
Fund reclassification					8,380		8,380
Net Position - Beginning of year, as restated					11,056,865	103,303	11,160,168
Net Position - Ending					\$ 10,734,188	0	10,734,188

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

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

Exhibit 3

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>American</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Rescue Plan</u>	<u>Funds</u>	<u>Funds</u>
		<u>Fund</u>		
ASSETS				
Cash	\$ 2,975,237	2,042,156	5,716,795	10,734,188
Total Assets	<u>\$ 2,975,237</u>	<u>2,042,156</u>	<u>5,716,795</u>	<u>10,734,188</u>
FUND BALANCES				
Restricted for:				
General government	\$ 2,975,237		592,843	3,568,080
Public safety		2,042,156	69,945	2,112,101
Public works			5,031,072	5,031,072
Culture and recreation			20,116	20,116
Debt service			46,414	46,414
Unassigned			(43,595)	(43,595)
Total Fund Balances	<u>\$ 2,975,237</u>	<u>2,042,156</u>	<u>5,716,795</u>	<u>10,734,188</u>

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

NEWTON 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	American	Governmental	Governmental
	Fund	Rescue Plan	Funds	Funds
		Fund		
RECEIPTS				
Property taxes	\$ 4,780,941		2,738,255	7,519,196
Road and bridge privilege taxes			272,385	272,385
Licenses, commissions and other receipts	224,185		5,401	229,586
Fines and forfeitures	330,293			330,293
Intergovernmental receipts	1,318,009	2,041,250	1,492,397	4,851,656
Charges for services	351,213			351,213
Interest income	10,041	906	7,752	18,699
Miscellaneous receipts	306,720		89,082	395,802
Total Receipts	7,321,402	2,042,156	4,605,272	13,968,830
DISBURSEMENTS				
General government	3,357,639		100,000	3,457,639
Public safety	3,187,201		259,711	3,446,912
Public works	300		6,898,022	6,898,322
Health and welfare	124,763			124,763
Culture and recreation	90,000		7,367	97,367
Education	389,772			389,772
Conservation of natural resources	159,468			159,468
Economic development and assistance	47,228			47,228
Debt service:				
Principal	127,338		972,290	1,099,628
Interest	10,539		161,964	172,503
Total Disbursements	7,494,248	0	8,399,354	15,893,602
Excess (Deficiency) of Receipts over (under) Disbursements	(172,846)	2,042,156	(3,794,082)	(1,924,772)
OTHER CASH SOURCES (USES)				
Proceeds from long-term debt issuance	76,512		1,373,183	1,449,695
Sale of county property	13,850		148,013	161,863
Compensation for loss of county property			4,575	4,575
Transfers in	40,000		214,641	254,641
Transfers out	(73,679)		(195,000)	(268,679)
Total Other Cash Sources and Uses	56,683	0	1,545,412	1,602,095
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	(116,163)	2,042,156	(2,248,670)	(322,677)
Cash Basis Fund Balances - Beginning, as previously reported	3,083,020		7,965,465	11,048,485
Fund reclassification	8,380			8,380
Cash Basis Fund Balances - Beginning, as restated	3,091,400	0	7,965,465	11,056,865
Cash Basis Fund Balances - Ending	\$ 2,975,237	2,042,156	5,716,795	10,734,188

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

NEWTON COUNTY
 Statement of Net Position - Cash Basis - Proprietary Fund
 September 30, 2021

Exhibit 5

		Business-type Activities - Enterprise Fund
		<hr/>
		Solid Waste Services Fund
		<hr/>
ASSETS		
Cash	\$	0
Total Assets		<hr/> <hr/> 0
NET POSITION		
Restricted for: Public Works		0
Total Net Position	\$	<hr/> <hr/> 0

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

NEWTON COUNTY

Exhibit 6

Statement of Cash Receipts, Disbursements and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2021

	Business-type Activities - Enterprise Fund
	Solid Waste Services Fund
Operating Receipts	
Charges for services	\$ 848,398
Total Operating Receipts	848,398
Operating Disbursements	
Cost of sales	
Personal services	655,757
Contractual services	61,856
Materials and supplies	210,997
Indirect administrative cost	19,064
Principal	84,792
Total Operating Disbursements	1,032,466
Operating Income (Loss)	(184,068)
Nonoperating Receipts (Disbursements)	
Interest income	174
Intergovernmental grants	37,110
Sale of county property	35,850
Interest expense	(6,407)
Net Nonoperating Receipts (Disbursements)	66,727
Net Income (Loss) Before Transfers	(117,341)
Transfers in	14,038
Changes in Net Position	(103,303)
Net Position - Beginning	103,303
Net Position - Ending	\$ 0

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

NEWTON COUNTY
Statement of Fiduciary Net Position
September 30, 2021

Exhibit 7

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ <u>42,928</u>
Total Assets	<u>42,928</u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	<u>42,928</u>
Total Net Position	\$ <u>42,928</u>

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

NEWTON COUNTY
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2021

Exhibit 8

	<u>Custodial Funds</u>
ADDITIONS	
Tax collections for other governments	\$ 566,529
Licenses and fees collected for State	<u>231,500</u>
Total Additions	<u>798,029</u>
DEDUCTIONS	
Payments of tax to other governments	572,122
Payments of licenses and fees to State	<u>227,472</u>
Total Deductions	<u>799,594</u>
Net increase (decrease) in fiduciary net position	(1,565)
Net Position - Beginning	<u>44,493</u>
Net Position - Ending	<u>\$ 42,928</u>

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

NEWTON COUNTY

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NEWTON COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Newton 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 Newton County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

There are no outside organizations that should be included as component units of the County's reporting entity.

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

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

NEWTON COUNTY

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

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

C. Measurement Focus and Basis of Accounting.

The Government-wide, Governmental Funds, Proprietary 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.

American Rescue Plan Fund - This fund is used to account for the monies received from the American Rescue Plan Act of 2021 that are restricted to spend on government services through the life of the program.

The County reports the following major Enterprise Fund:

Solid Waste Services Fund - This fund is used to account for the County's activities of disposal of solid waste within the County.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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.

Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursement for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

NEWTON COUNTY

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

PROPRIETARY FUND TYPE

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

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.

D. Account Classifications.

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

E. Deposits.

State law authorizes the 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.

NEWTON COUNTY

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

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.

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 statement 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.

NEWTON COUNTY

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

(2) Fund Reclassification (Accounting Change).

Effective October 1, 2020, and in accordance with the implementation of GASB Statement No. 84, the Payroll Clearing Fund, previously reported as a Fiduciary Fund, was 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 \$8,380.

For the fiduciary fund custodial activities, the County has treated the beginning of year net position of \$44,493 as having been recognized in the period incurred. The County has adjusted beginning net position for their fiduciary activities from \$0 to \$44,493.

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2021, was \$10,777,116, and the bank balance was \$10,855,798. 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	\$ 40,000
Other Governmental Funds	General Fund	59,641
Other Governmental Funds	Other Governmental Funds	155,000
Solid Waste Services Fund	General Fund	14,038
		<u>14,038</u>
Total		\$ <u>268,679</u>

The principal purpose of interfund transfers was to provide operating funds and to repay interfund loans and advances. As of September 30, 2021, the Solid Waste Services Fund, which is considered a Proprietary Fund of the County, owed the General Fund \$14,038 for disbursements incurred in excess of cash on hand.

NEWTON COUNTY

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

(5) Deficit Fund Balances of Individual Funds:

The following funds reported deficits in fund balances at September 30, 2021:

Fund	Amount
County Road Fund	\$ 31,847
Beat 4 Bond I&S Payments 2009 Fund	11,748
Total	\$ 43,595

(6) 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.

(7) 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.

(8) Joint Venture.

The County participates in the following joint venture:

Newton County is a participant with Kemper County in a joint venture, authorized by *Section 39-3-9, Mississippi Code of 1972 Annotated*, to operate the Kemper-Newton Regional Library System. The joint venture was created to provide free public library service to the citizens of the respective counties. The Newton County Board of Supervisors alternately appoints two or three of the five members of the board of directors. By contractual agreement, the County's contribution to the joint venture was \$90,000 in fiscal year 2021. Complete financial statements for the Kemper-Newton Regional Library System can be obtained from 101 Peachtree Street, Union, MS 39365.

NEWTON COUNTY

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

(9) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Mid-Mississippi Development District operates in a district composed of the counties of Clarke, Jasper, Lauderdale, Newton, Scott and Smith. The district was organized to foster, encourage and facilitate economic development in member counties. The district's board of trustees is composed of 30 members, five each from the six-member counties. The County contributed \$32,500 for support of the district in fiscal year 2021.

East Central Mississippi Planning and Development District operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Newton County Board of Supervisors appoints one of the 15 members of the board of directors. The County contributed \$14,228 for support of the district in fiscal year 2021.

Region Ten, Weems Community Mental Health operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Newton County Board of Supervisors appoints one of the nine members of the board of commissioners. The County contributed \$29,500 for support of the commission in fiscal year 2021.

The Multi-County Community Service Agency operates in a district composed of the counties of Clarke, Jasper, Newton, Kemper, Smith, Wayne, Scott, Neshoba, and Lauderdale. The entity was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Newton County Board of Supervisors appoints three of the 27 members of the board of directors. Most of the funding for the entity is derived from federal funds. Each County provides a modest amount of financial support when matching funds are required for federal grants. The County contributed \$6,000 for support of the agency in the fiscal year 2021.

East Central Community College operates in a district composed of the counties of Leake, Neshoba, Newton, Scott and Winston. The Newton County Board of Supervisors appoints one of the 30 members of the college board of trustees. The County contributed \$572,122 for maintenance and support of the college in fiscal year 2021.

(10) Defined Benefit Pension Plan.

Plan Description. Newton 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 Annotated, Section 25-11-1 et seq., (1972, as amended)* and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 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 \$685,008, \$643,834 and \$560,192, respectively, equal to the required contributions for each year.

NEWTON COUNTY

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

(11) Tax Abatements.

As of September 30, 2021, Newton County provides tax exempt status to one manufacturing company and one sawmill subject to the requirements of GASB Statement No. 77. These companies are exempt from real property taxes and personal property taxes except for levies involving the school; the mandatory mill, and community college tax levies; however, the one sawmill is a 25% exemption. These exemptions are authorized under *Sections 27-31-101 and 27-31-105 of the Mississippi Code of 1972 Annotated*. These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2021 totaled \$837,377.

NEWTON COUNTY

OTHER INFORMATION

NEWTON COUNTY

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NEWTON 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	\$ 4,436,185	4,780,941	4,780,941	
Licenses, commissions and other receipts	204,100	224,185	224,185	
Fines and forfeitures	202,000	330,293	330,293	
Intergovernmental receipts	1,060,150	1,318,009	1,318,009	
Charges for services	295,800	351,213	351,213	
Interest income	42,000	10,041	10,041	
Miscellaneous receipts	310,026	306,720	306,720	
Total Receipts	<u>6,550,261</u>	<u>7,321,402</u>	<u>7,321,402</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	4,145,050	3,357,639	3,357,639	
Public safety	2,767,691	3,187,201	3,187,201	
Public works	300	300	300	
Health and welfare	115,365	124,763	124,763	
Culture and recreation	90,000	90,000	90,000	
Education	280,288	389,772	389,772	
Conservation of natural resources	182,705	159,468	159,468	
Economic development and assistance	48,228	47,228	47,228	
Debt service:				
Principal	136,999	127,338	127,338	
Interest	11,682	10,539	10,539	
Total Disbursements	<u>7,778,308</u>	<u>7,494,248</u>	<u>7,494,248</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(1,228,047)</u>	<u>(172,846)</u>	<u>(172,846)</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Proceeds from long-term debt issuance		76,512	76,512	
Sale of county property	7,000	13,850	13,850	
Compensation for loss of county property	30,000			
Transfers in	2,439,096	40,000	40,000	
Transfers out	20,000	(73,679)	(73,679)	
Other financing sources	(116,012)			
Other financing uses	116,012			
Total Other Cash Sources and Uses	<u>2,496,096</u>	<u>56,683</u>	<u>56,683</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>1,268,049</u>	<u>(116,163)</u>	<u>(116,163)</u>	
Cash Basis Fund Balances - Beginning	<u>0</u>	<u>3,091,400</u>	<u>3,091,400</u>	
Cash Basis Fund Balances - Ending	<u>\$ 1,268,049</u>	<u>2,975,237</u>	<u>2,975,237</u>	<u>0</u>

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

NEWTON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 American Rescue Plan 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	\$	2,041,250	2,041,250	
Interest income		906	906	
Total Receipts	<u>0</u>	<u>2,042,156</u>	<u>2,042,156</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	0	2,042,156	2,042,156	
Cash Basis Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Basis Fund Balances - Ending	<u>\$ 0</u>	<u>2,042,156</u>	<u>2,042,156</u>	<u>0</u>

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

NEWTON COUNTY
 Schedule of Interfund Loans and Advances
 For the Year Ended September 30, 2021
 UNAUDITED

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at <u>Sept. 30, 2021</u>
General Fund	Other Governmental Funds	\$ 33,102
General Fund	Solid Waste Services Fund	<u>35,000</u>
Total		\$ <u>68,102</u>

The receivables represent unpaid solid waste indirect costs and other loans to provide funds for operating purposes. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at <u>Sept. 30, 2021</u>
Other Governmental Funds	Other Governmental Funds	\$ <u>120,084</u>

Advances were made to provide funds for operating purposes.

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

Governmental activities:

	Balance Oct. 1, 2020	Additions	Deletions	Adjustments *	Balance Sept. 30, 2021
Land	\$ 245,361	113,050			358,411
Infrastructure	1,157,291				1,157,291
Buildings	5,214,830			(14,989)	5,199,841
Mobile equipment	7,493,565	317,140	506,354	339,080	7,643,431
Furniture and equipment	1,809,782	26,998	8,800	(853,092)	974,888
Leased property under capital leases	1,655,371	1,471,925	324,516	(198,520)	2,604,260
Total capital assets	\$ 17,576,200	1,929,113	839,670	(727,521)	17,938,122

Business-type activities:

	Balance Oct. 1, 2020	Additions	Deletions	Adjustments	Balance Sept. 30, 2021
Land	\$ 102,005				102,005
Buildings	71,909			(8,849)	63,060
Mobile equipment	645,653		11,900	(9,250)	624,503
Furniture and equipment	135,114			(23,368)	111,746
Leased property under capital leases	469,651				469,651
Total capital assets	\$ 1,424,332	0	11,900	(41,467)	1,370,965

*Adjustments were to reclassify capital assets under capitalization threshold of \$5,000, and to reclassify paid-off capital leases to mobile equipment and furniture and equipment.

NEWTON 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:							
District 4 Road & Bridge Bond 2012	10/2012	10/2027	1.90 - 2.70% \$	375,000		82,000	293,000
G.O. Refunding Bond	03/2012	11/2021	2.43%	355,000		175,000	180,000
District 4 Road & Bridge Bond 2009	11/2008	10/2023	3.80%	132,000		42,000	90,000
District 1 Road & Bridge Bond 2009	11/2009	11/2025	3.90%	165,000		30,000	135,000
GO Bond Series 2020	06/2020	09/2040	2.00-2.50%	5,000,000		175,000	4,825,000
B. Capital Leases:							
(2) 2018 Dodge Chargers	02/2018	02/2021	2.96%	6,078		6,078	
2015 Ambulance	10/2015	10/2020	1.85%	1,655		1,655	
Fire Truck	01/2016	01/2020	1.89%	53,214		39,799	13,415
District 1 2018 Dodge 1500 pickup	11/2017	11/2022	2.58%	12,239		5,564	6,675
District 1 Cat 420F backhoe	06/2018	06/2021	3.48%	15,192		15,192	
District 2 Sany sy75C mini excavator	09/2017	09/2021	2.32%	18,101		18,101	
District 4 Cat 420f backhoe	06/2018	06/2021	3.48%	15,192		15,192	
Duffee VFS Fire Truck	08/2019	09/2024	3.44%	220,000		52,162	167,838
District 1 6105E John Deere tractor w / Alamo	02/2019	03/2023	3.75%	75,015		29,163	45,852
District 3 6105E John Deere tractor	01/2019	02/2023	3.75%	36,603		14,740	21,863
911 Equipment	12/2018	12/2023	3.68%	249,386		73,544	175,842
2019 Chevy Pickup	07/2019	08/2022	3.59%	19,873		10,196	9,677
2019 Dodge Charger	03/2019	03/2022	3.60%	12,092		7,974	4,118
2020 Dodge Charger	01/2020	01/2023	3.17%	17,850		7,489	10,361
2020 Chevy Tahoe	12/2019	12/2022	3.19%	25,985		11,317	14,668
(2) 2021 Dodge Chargers	03/2021	03/2024	1.24%		49,502	8,123	41,379
2021 Dodge Ram 2500	03/2021	03/2026	1.43%		27,010	2,615	24,395

NEWTON 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
District 1 2021 Kenworth T880	11/2020	11/2021	1.14%		154,900	10,573	144,327
District 2 John Deere 310 SL backhoe	10/2020	10/2023	1.42%		52,750	15,881	36,869
District 2 Sany SY95 mini excavator	02/2021	02/2024	1.24%		31,000	5,938	25,062
District 2 2021 Kenworth T880	11/2020	11/2023	1.25%		158,000	22,020	135,980
District 3 2021 Cat 930M wheel loader	01/2021	01/2026	1.49%		191,616	12,706	178,910
District 3 2021 Kenworth T880	11/2020	11/2021	1.14%		154,900	154,900	
District 3 2021 Kenworth T880	11/2020	11/2023	1.25%		158,000	22,020	135,980
District 3 2021 John Deere tractor w/ Samurai	08/2021	09/2026	1.69%		128,617	-	128,617
District 4 2021 Kenworth T370	11/2020	11/2023	1.25%		122,500	13,417	109,083
District 4 2018 John Deere tractor w/ Alamo	04/2021	04/2024	1.25%		68,900	9,416	59,484
District 5 Cat 12M3 motor grader	03/2021	03/2026	1.45%		152,000	9,853	142,147
Total				\$ 6,805,475	1,449,695	1,099,628	7,155,542
Business-type Activities:							
A. Capital Leases:							
2018 Western Star garbage truck	06/2017	07/2022	2.89%	\$ 31,638		17,046	14,592
2019 Trivis Walking Floor	04/2018	04/2023	3.39%	37,493		14,120	23,373
2019 Western Star garbage truck	03/2018	03/2023	3.10%	42,926		16,767	26,159
Landfill dozer	04/2019	04/2024	3.74%	92,164		24,481	67,683
Burroughs Diesel 2008 Western Star	03/2019	03/2022	3.48%	18,732		12,378	6,354
Total				\$ 222,953	0	84,792	138,161

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

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

Name	Position	Company	Bond
Kenneth Harris	Supervisor District 1	Western Surety Company	\$100,000
Joe Alexander	Supervisor District 2	Travelers Casualty & Surety of America	\$100,000
Charles Moulds	Supervisor District 3	Travelers Casualty & Surety of America	\$100,000
Charles Godwin	Supervisor District 4	State Farm Fire and Casualty Company	\$100,000
Jacky Johnson	Supervisor District 5	Travelers Casualty & Surety of America	\$100,000
Steve Seale	County Administrator	Travelers Casualty & Surety of America	\$100,000
George Hayes	Chancery Clerk	Western Surety Company	\$100,000
Lana Kay Smith	Purchase Clerk	Travelers Casualty & Surety of America	\$100,000
Stephanie McMullan	Assistant Purchase Clerk	Travelers Casualty & Surety of America	\$50,000
Deborah Parker	Receiving Clerk	Travelers Casualty & Surety of America	\$75,000
Suzanne Gresset	Assistant Receiving Clerk	Travelers Casualty & Surety of America	\$50,000
Stephanie W McMullan	Inventory Control Clerk	Travelers Casualty & Surety of America	\$75,000
Ashley Hasenmueller	Assistant Inventory Control Clerk	Travelers Casualty & Surety of America	\$50,000
Mark Spence	Constable	Travelers Casualty & Surety of America	\$50,000
William D. Collins	Constable	Travelers Casualty & Surety of America	\$50,000
Michael Butler	Circuit Clerk	Travelers Casualty & Surety of America	\$100,000
Donna Hutchins	Deputy Circuit Clerk	Travelers Casualty & Surety of America	\$50,000
Penny Ford	Deputy Circuit Clerk	Travelers Casualty & Surety of America	\$50,000
Jodey Pennington	Sheriff	Travelers Casualty & Surety of America	\$100,000
Justin Chaney	Justice Court Judge	Travelers Casualty & Surety of America	\$50,000
Scott Round	Justice Court Judge	Travelers Casualty & Surety of America	\$50,000
Sue Graham	Justice Court Clerk	Travelers Casualty & Surety of America	\$50,000
Lolita Jordan	Deputy Justice Court Clerk	Travelers Casualty & Surety of America	\$50,000
May Bender	Tax Assessor-Collector	Travelers Casualty & Surety of America	\$100,000
Joyce Amos	Deputy Tax Assessor	Travelers Casualty & Surety of America	\$10,000
Melissa Bliss	Deputy Tax Assessor	Travelers Casualty & Surety of America	\$10,000
Joyce Amos	Deputy Tax Collector	Travelers Casualty & Surety of America	\$50,000
Debra Comans	Deputy Tax Collector	Travelers Casualty & Surety of America	\$50,000
Gina Brand	Deputy Tax Collector	Travelers Casualty & Surety of America	\$50,000
Jamie Russell	Deputy Tax Collector	Travelers Casualty & Surety of America	\$50,000

NEWTON COUNTY

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NEWTON 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 3.41% of the latest property assessments.

B. Subsequent Events.

Subsequent to September 30, 2021, the County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
11/22/2021	1.28%	\$ 78,006	Installment Purchase	Ad valorem taxes
11/29/2021	1.73%	1,000,000	Installment Purchase	Ad valorem taxes
03/23/2022	2.36%	108,616	Installment Purchase	Ad valorem taxes
04/07/2002	2.32%	125,000	Installment Purchase	Ad valorem taxes
04/07/2022	2.36%	110,000	Lease Purchase	Ad valorem taxes
08/01/2022	3.58%	34,105	Installment Purchase	Ad valorem taxes
11/29/2022	4.64%	32,764	Lease Purchase	Ad valorem taxes

NEWTON COUNTY

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NEWTON COUNTY

SPECIAL REPORTS

NEWTON 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
Newton 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, the business-type activities, each major fund, and the aggregate remaining fund information of Newton 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 February 7, 2023.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2021-001, 2021-002, 2021-004 and 2021-005 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as 2021-003 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Newton County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2021-001.

We also noted certain matters which we have reported to the management of Newton County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated February 7, 2023, included within this document.

Newton County's Responses to Findings

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

February 7, 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
Newton County, Mississippi

We have examined Newton 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 Newton 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 Newton 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.

In our opinion, Newton 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.

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

A handwritten signature in black ink, reading "Joe E. McKnight". The signature is written in a cursive, flowing style with a prominent initial "J" and a long, sweeping underline.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 7, 2023

NEWTON 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.

NEWTON 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>
10/30/2020	Steel materials	\$ 3,181	Slay Steel	Damage to jail after inmate ripped out the ceiling.
11/15/2020	Labor - welding	12,028	Bergeron Welding	Damage to jail after inmate ripped out the ceiling.
6/15/2021	Labor - welding	3,600	Bergeron Welding	Damage to jail after inmate ripped out the ceiling.
7/7/2021	Tube steel	3,350	Slay Steel	Damage to jail after inmate ripped out the ceiling.
7/22/2021	Steel materials	5,880	Slay Steel	Damage to jail after inmate ripped out the ceiling.

NEWTON COUNTY

Schedule 3

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

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
4/28/2021	Air conditioner parts	\$	39,777	Southern Refrigeration
7/28/2021	Air conditioner parts		18,649	Southern Refrigeration

NEWTON 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
Newton County, Mississippi

In planning and performing our audit of the cash basis financial statements of Newton County, Mississippi (the County) for the year ended September 30, 2021, we considered Newton 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 Newton 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 February 7, 2023, on the financial statements of Newton County, Mississippi.

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

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

Board of Supervisors.

1. Board of Supervisors should strengthen controls to ensure compliance of accounting for restricted funds.

Repeat Finding No

Criteria *Section 23-15-5(2)(a)(i), Mississippi Code of 1972 Annotated*, states monies distributed by The Secretary of State from the Election Support Fund shall be held in a separate fund solely for the purpose of acquiring, upgrading, maintaining or repairing voting equipment, systems and supplies, hiring temporary technical support, conducting elections using such voting equipment or systems, employing such personnel to conduct an election, and training election officials.

Condition	The Board of Supervisors deposited Election Support Funds into the General Fund.
Cause	The County did not comply with state laws.
Effect	Failure to correctly record restricted funds could result in misappropriation of restricted funds.
Recommendation	The Board of Supervisors should create a separate fund to account for monies received from the Election Support Fund.
Views of Responsible Official(s)	We will comply.

Tax Assessor-Collector.

2.	<u>Controls over motor vehicle receipts should be strengthened.</u>
Repeat Finding	Yes
Criteria	An effective system of internal controls should include adequate verification of taxpayer addresses.
Condition	As reported in the prior nine years' audit reports, during our test work performed in the Tax Collector's Office, we noted one instance of people getting their tags from an address other than where they claim homestead.
Cause	Weak internal controls.
Effect	Weak internal controls as well as incorrect information on taxpayer receipts could lead to loss of public funds.
Recommendation	The Tax Collector should take steps to ensure that there are proper controls put in place for all vehicle information to be listed properly on receipts to taxpayers.
Views of Responsible Official(s)	We should have this resolved by next audit.

Newton 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

February 7, 2023

NEWTON COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

NEWTON COUNTY

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NEWTON COUNTY

Schedule of Findings and Responses 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: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiency identified? | Yes |
| 3. Noncompliance material to the financial statements noted? | Yes |

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

Material Non-compliance

2021-001. Warrants should not be signed without sufficient money in the funds.

Repeat Finding Yes

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

Condition As reported in the prior thirteen years' audit reports, warrants were issued on funds which did not have sufficient money available. At September 30, 2021, the Solid Waste Fund (\$14,038), County Road Project (\$31,847), and District 4 Bond I&S Payments (\$11,748) each had a negative cash balance.

Cause The Board of Supervisors lacks the necessary controls to ensure sufficient balances are maintained in each fund before issuing warrants.

Effect Failure to maintain sufficient cash balances in county fund prior to writing checks on these funds results in other funds' cash being used for purposes other than their intended purpose.

Recommendation The Board of Supervisors should ensure that no warrants are signed or delivered until there is sufficient money in the funds upon which it is drawn to pay the same, as required by law.

Views of Responsible Official(s)

County road project is a timing difference because cities get asphalt from our tank and we bill them the next month. Hopefully this will be corrected by next year.

NEWTON COUNTY

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

Material Weakness

2021-002	<u>Controls over processing and approving timesheets should be strengthened.</u>
Repeat Finding	No
Criteria	An effective system of control over payroll should include proper safeguards over the approval process of employee timesheets.
Condition	We noted that an employee was falsifying timesheets by increasing the hours worked during a pay period.
Cause	The County's controls allowed the employee access to their timesheet after their supervisor had approved it and before it was submitted to the payroll clerk.
Effect	Inadequate controls over the processing of timesheets could result in the loss or misappropriation of public funds.
Recommendation	We recommend that the County strengthen controls over processing timesheets and restrict access to timesheets after they have been approved by the department head. The County should also put controls in place that allow the payroll clerk to verify that the data on the timesheet is valid.
Views of Responsible Official(s)	Steps have been taken to correct this deficiency.

Significant Deficiency

2021-003.	<u>Controls over repayment of interfund advances should be strengthened.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control over interfund advances should include a timely repayment plan.
Condition	As reported in the prior three years' audit reports, the County has interfund loans outstanding that are more than one year old. These loans were made when the County experienced a need for cash flows in some funds. However, the loans were not repaid as of September 30, 2021.
Cause	The County does not have a plan to repay these advances timely.
Effect	Failure to ensure repayment of these loans is an illegal diversion of legally restricted funds.
Recommendation	The Board of Supervisors should approve and record in the board minutes the reason for the loans, when the loans will be repaid and the source of funds for the repayment. The Board of Supervisors should ensure these old loans are repaid by approving and recording in the minutes a repayment schedule and complying with the repayment schedule.
Views of Responsible Official(s)	The Board will address the problem and try to rectify.

Tax Assessor-Collector.

NEWTON COUNTY

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

Material Weakness

2021-004. Tax Collector should perform monthly bank reconciliations.

Repeat Finding Yes

Criteria An effective system of internal control over the collection, recording, and disbursement of cash in the Tax Collector's office should include a reconciliation of the bank account to the cash journal monthly.

Condition As reported in the prior five years' audit reports, during testing performed in the Tax Collector's office, it was noted that the Tax Collector was not reconciling the bank account to the cash journal.

Cause Failure to reconcile to bank account.

Effect Failure to reconcile to the bank account could result in the loss or misuse of public funds.

Recommendation The Tax Collector should properly maintain a cash journal, ensuring that it reconciles to the bank account monthly.

Views of Responsible Official(s) Working with Department of Revenue with errors in Marvin. Hope to have this worked out soon.

Sheriff.

Material Weakness

2021-005. Sheriff's Department should perform monthly bank reconciliations.

Repeat Finding Yes

Criteria An effective system of internal control over the collection, recording, and disbursement of cash in the Sheriff's office should include a reconciliation of the bank account to the cash journal monthly.

Condition As reported in the prior four years' audit reports, testing performed in the Sheriff Department's office revealed that the bookkeeper was not reconciling the bank account to the cash journal.

Cause Failure to reconcile to bank account.

Effect Failure to reconcile to the bank account could result in the loss or misuse of public funds.

Recommendation The Sheriff should properly maintain a cash journal, ensuring that it reconciles to the bank account monthly.

Views of Responsible Official(s) We have this issued fixed going forward.