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**JEFFERSON DAVIS COUNTY, MISSISSIPPI
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2022**

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

JEFFERSON DAVIS COUNTY

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JEFFERSON DAVIS COUNTY

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Jefferson Davis County, Mississippi

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the cash basis financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Jefferson Davis County, Mississippi, (the County) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying 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, 2022, or the changes in cash basis financial position for the year then ended in accordance with accounting principles applicable to the County's cash basis of accounting.

Unmodified Opinions on the Governmental Activities and the Major Fund

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the major fund and the aggregate remaining fund information of Jefferson Davis County, Mississippi, as of September 30, 2022, 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 for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified opinions.

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Matters Giving Rise to 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 effects of not including the County's legally separate component units on the aggregate discretely presented component units has not been determined.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting, as described in Note 1, and for 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood, that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include

examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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 relate 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Budgetary Comparison Schedule, Schedule of Investments, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial

statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 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.

Bridgers, Goodman, Baird & Clarke, PLLC

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

August 29, 2023

JEFFERSON DAVIS COUNTY

FINANCIAL STATEMENTS

JEFFERSON DAVIS COUNTY
Statement of Net Position – Cash Basis
September 30, 2022

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash	\$ 8,493,012
Total Assets	<u>8,493,012</u>
NET POSITION	
Restricted:	
Expendable:	
General government	1,133,715
Public safety	23,189
Public works	4,148,145
Culture and recreation	182,950
Debt service	936,070
Unemployment compensation	17,255
Unrestricted	<u>2,051,688</u>
Total Net Position	<u>\$ 8,493,012</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, 2022

Functions/Programs	Program Cash Receipts				Net (Disbursements)
	Cash	Charges for	Operating	Capital	Receipts and Changes in
					Net Position
	Disbursements	Services	Grants and Contributions	Grants and Contributions	Primary Government
					Governmental
					Activities
Primary government:					
Governmental activities:					
General government	\$ 3,615,990	249,172	1,911,125	-	(1,455,693)
Public safety	2,105,932	159,408	135,350	-	(1,811,174)
Public works	5,339,519	-	494,464	1,454,089	(3,390,966)
Health and welfare	196,158	-	27,617	-	(168,541)
Culture and recreation	470,953	-	-	-	(470,953)
Education	186,106	-	-	-	(186,106)
Conservation of natural resources	120,810	-	-	-	(120,810)
Economic development and assistance	429,694	-	363,521	-	(66,173)
Purchase of investments	1,034,665	-	-	-	(1,034,665)
Debt Service:					
Principal	535,989	-	-	-	(535,989)
Interest	32,220	-	-	-	(32,220)
Total Governmental Activities	\$ 14,068,036	408,580	2,932,077	1,454,089	(9,273,290)
General receipts:					
Property taxes				\$	7,130,579
Road & bridge privilege taxes					162,615
Grants and contributions not restricted to specific programs					908,329
Unrestricted interest/investment income					70,930
Miscellaneous					143,253
Proceeds from debt issuance					334,000
Sale of County Property					10,414
Sale of Investments					1,034,476
Total General Receipts and Other Cash Sources					9,794,596
Changes in Net Position					521,306
Net Position - Beginning					7,971,706
Net Position - Ending				\$	8,493,012

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, 2022**

	<u>Major Fund</u>		
	General	Other	Total
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
ASSETS			
Cash	\$ 2,051,688	6,441,324	8,493,012
Total Assets	<u>\$ 2,051,688</u>	<u>6,441,324</u>	<u>8,493,012</u>
FUND BALANCES			
Restricted for:			
General government	\$ -	1,133,715	1,133,715
Public safety	-	23,189	23,189
Public works	-	4,148,145	4,148,145
Culture and recreation	-	182,950	182,950
Debt service	-	936,070	936,070
Unemployment compensation	-	17,255	17,255
Assigned to:			
Public safety	7,360	-	7,360
Unassigned	2,044,328	-	2,044,328
Total Fund Balances	<u>\$ 2,051,688</u>	<u>6,441,324</u>	<u>8,493,012</u>

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

JEFFERSON DAVIS COUNTY**Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds
For the Year Ended September 30, 2022**

	<u>Major Fund</u>		
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
RECEIPTS			
Property taxes	\$ 4,531,703	2,598,876	7,130,579
Road and bridge privilege taxes	-	162,615	162,615
Licenses, commissions and other revenue	99,775	2,435	102,210
Fines and forfeitures	99,364	-	99,364
Intergovernmental receipts	1,230,797	4,063,698	5,294,495
Charges for services	81,566	125,440	207,006
Interest income	34,758	36,172	70,930
Miscellaneous receipts	138,360	4,893	143,253
Total Receipts	<u>6,216,323</u>	<u>6,994,129</u>	<u>13,210,452</u>
DISBURSEMENTS			
Current:			
General government	3,317,757	298,233	3,615,990
Public safety	1,953,578	152,354	2,105,932
Public works	5,000	5,334,519	5,339,519
Health and welfare	196,158	-	196,158
Culture and recreation	376,601	94,352	470,953
Education	186,106	-	186,106
Conservation of natural resources	120,810	-	120,810
Economic development and assistance	66,173	363,521	429,694
Debt service:			
Principal	9,326	526,663	535,989
Interest	4,059	28,161	32,220
Total Disbursements	<u>6,235,568</u>	<u>6,797,803</u>	<u>13,033,371</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(19,245)</u>	<u>196,326</u>	<u>177,081</u>
OTHER CASH SOURCES (USES)			
Long-term capital debt issued	-	334,000	334,000
Proceeds from sale of capital assets	-	10,414	10,414
Sale of investments	1,034,476	-	1,034,476
Purchase of investments	(1,034,665)	-	(1,034,665)
Transfers in	904,904	1,160,000	2,064,904
Transfers out	(150,000)	(1,914,904)	(2,064,904)
Total Other Cash Sources and Uses	<u>754,715</u>	<u>(410,490)</u>	<u>344,225</u>
Excess (Deficiency) of Receipts and other Cash Sources over (Under) Disbursements and other Cash Uses	<u>735,470</u>	<u>(214,164)</u>	<u>521,306</u>
Cash Basis Fund Balances - Beginning	<u>1,316,218</u>	<u>6,655,488</u>	<u>7,971,706</u>
Cash Basis Fund Balances - Ending	<u>\$ 2,051,688</u>	<u>6,441,324</u>	<u>8,493,012</u>

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, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 153,252
Total Assets	<u>153,252</u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	153,252
Total Net Position	<u>\$ 153,252</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, 2022

	<u>Custodial Funds</u>
CASH ADDITIONS	
Tax collections for other governments	\$ 307,571
Licenses and fees collected for State	<u>129,917</u>
Total Cash Additions	<u><u>437,488</u></u>
CASH DEDUCTIONS	
Payments of tax to other governments	244,070
Payments of licenses and fees to State	<u>129,917</u>
Total Cash Deductions	<u><u>\$ 373,987</u></u>
Net increase (decrease) in fiduciary net position	63,501
Net Position - Beginning of year	<u>89,751</u>
Net Position - End of year	<u><u>\$ 153,252</u></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, 2022

(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

JEFFERSON DAVIS COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

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 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 Fund:

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

Additionally, the County reports the following fund types:

JEFFERSON DAVIS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

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.

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,

JEFFERSON DAVIS COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

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.

Assigned fund balance includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Jefferson Davis County Board of Supervisors to be used in the construction of a new county jail facility.

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

JEFFERSON DAVIS COUNTY

Notes to Financial Statements For the Year Ended September 30, 2022

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.

GASB 87, *Leases*, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It established a single model for lease accounting based on the foundations principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. These financial statements do not reflect leases in accordance with GASB 87 as these financial statements were prepared using the cash basis of accounting.

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2022, was \$8,646,264, and the bank balance was \$8,720,967. 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.

JEFFERSON DAVIS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

(3) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2022:

Transfers In/Out:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 904,904
Other Governmental Funds	General Fund	150,000
Other Governmental Funds	Other Governmental Funds	1,010,000
Total		<u>\$ 2,064,904</u>

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

(4) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2022, to January 1, 2023. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(5) Contingencies.

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

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

JEFFERSON DAVIS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

(6) Related Organizations.

The Jefferson Davis County Board of Supervisors is responsible for appointing a voting majority of the members of the Board of Prentiss/Jefferson Davis County Airport, but the County's accountability for this organization does not extend beyond making the appointment. The County appropriated \$5,000 for the airport's support in fiscal year 2022.

(7) Joint Venture.

The County participates in the following joint venture:

Jefferson Davis County is a participant with Marion County in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the South Mississippi Regional Library. The joint venture was created to provide library service for the Counties of Jefferson Davis and Marion, and is governed by a five-member board. The two counties rotate board appointments so each county has a 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 2022.

(8) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Pearl River Valley Opportunity, Inc., 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 2022.

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 2022.

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 \$212,570 for maintenance and support of the college in fiscal year 2022.

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 \$29,000 for support of the district in fiscal year 2022.

JEFFERSON DAVIS COUNTY
Notes to Financial Statements
For the Year Ended September 30, 2022

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 2022.

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 \$24,604 for support of the District in fiscal year 2022.

(9) Defined Benefit Pension Plan.

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

Funding Policy. At September 30, 2022, 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, 2022 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, 2022, 2021 and 2020 were \$529,637, \$500,389 and \$494,086, respectively, equal to the required contributions for each year.

These financial statements do not reflect pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources in accordance with GASB 67, 68 and 71 as these financial statements were prepared using the cash basis of accounting.

(10) Tax Abatements.

As of September 30, 2022, 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 Section 27-31-101 and 27-31-104 of the Miss. Code Ann. (1972). This exemption encourages businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2022 totaled \$2,140.

JEFFERSON DAVIS COUNTY

SUPPLEMENTARY INFORMATION

JEFFERSON DAVIS COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
US Dept of Agriculture Schools and Roads - Grants to Counties	10.666		\$ 122,546
Total US Dept of Agriculture			<u>122,546</u>
US Dept of Housing and Urban Development Passed-through the Mississippi Home Corporation HOME Grant	14.239	1230-M18-SG-280-033	363,521
Total US Dept of Housing and Urban Development			<u>363,521</u>
US Dept of the Treasury Coronavirus Relief Fund	21.019		70,353
Coronavirus State and Local Fiscal Recovery Funds	21.027	*	1,000,000
Total US Dept of the Treasury			<u>1,070,353</u>
US Dept of Homeland Security Passed-through the Mississippi Emergency Management Agency Community Disaster Loans	97.030	Unknown	308,644
Passed-through the Mississippi Emergency Management Agency Emergency Management Performance Grant	97.042	Unknown	4,000
Total US Dept of Homeland Security			<u>312,644</u>
Total Expenditures of Federal Awards			<u>\$ 1,869,064</u>

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, 2022. 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.

*denotes major federal award program

JEFFERSON DAVIS COUNTY
Reconciliation of Operating Costs of Solid Waste
For the Year Ended September 30, 2022

Operating Disbursements, Cash Basis:

Personnel	\$ 319,254
Expendable Commodities:	
Gasoline and petroleum products	64,278
Repair parts	33,854
Maintenance	4,106
Contractual services	160,455
Supplies	3,268
Equipment	334,000
Solid Waste Cash Basis Operating Expenditures	<u>\$ 919,215</u>

JEFFERSON DAVIS COUNTY

OTHER INFORMATION

JEFFERSON DAVIS COUNTY
**Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) – General Fund
For the Year Ended September 30, 2022**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 4,557,395	4,531,703	4,531,703	-
Licenses, commissions and other revenue	85,900	99,775	99,775	-
Fines and forfeitures	100,000	99,364	99,364	-
Intergovernmental revenues	675,900	1,230,797	1,230,797	-
Charges for services	35,000	81,566	81,566	-
Interest income	33,000	34,758	34,758	-
Miscellaneous receipts	124,250	138,360	138,360	-
Total Receipts	<u>5,611,445</u>	<u>6,216,323</u>	<u>6,216,323</u>	<u>-</u>
DISBURSEMENTS				
Current:				
General government	2,972,725	3,317,757	3,317,757	-
Public safety	1,657,440	1,953,578	1,953,578	-
Public works	55,000	5,000	5,000	-
Health and welfare	202,931	196,158	196,158	-
Culture and recreation	69,100	376,601	376,601	-
Education	178,000	186,106	186,106	-
Conservation of natural resources	112,170	120,810	120,810	-
Economic development and assistance	68,700	66,173	66,173	-
Debt service:				
Principal paid	-	9,326	9,326	-
Interest and other costs	-	4,059	4,059	-
Total Disbursements	<u>5,316,066</u>	<u>6,235,568</u>	<u>6,235,568</u>	<u>-</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>295,379</u>	<u>(19,245)</u>	<u>(19,245)</u>	<u>-</u>
OTHER CASH SOURCES (USES)				
Sale of Investments	-	1,034,476	1,034,476	-
Purchase of Investments	-	(1,034,665)	(1,034,665)	-
Transfer-in	904,904	904,904	904,904	-
Transfer-out	(530,000)	(150,000)	(150,000)	-
Total Other Cash Sources and Uses	<u>374,904</u>	<u>754,715</u>	<u>754,715</u>	<u>-</u>
Excess (Deficiency) of Receipts and Other Cash Sources over (under) Disbursements and Other Cash Uses	<u>670,283</u>	<u>735,470</u>	<u>735,470</u>	<u>-</u>
Cash Basis Fund Balance - Beginning	<u>2,385,000</u>	<u>1,316,218</u>	<u>1,316,218</u>	<u>-</u>
Cash Basis Fund Balance - Ending	<u>\$ 3,055,283</u>	<u>2,051,688</u>	<u>2,051,688</u>	<u>-</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, 2022
UNAUDITED

<u>Fund</u>	<u>Description</u>	<u>Beginning Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance October 1, 2021</u>	<u>Purchases</u>	<u>Redeemed Sales</u>	<u>Balance September 30, 2022</u>
GENERAL FUND								
007 Severance Tax	Certificate of Deposit	10/18/20	10/18/21	0.100%	1,034,476	-	1,034,476	-
007 Severance Tax	Certificate of Deposit	10/18/21	10/18/22	0.050%	-	1,034,665	-	1,034,665
Total General Fund					1,034,476	1,034,665	1,034,476	1,034,665
Total Governmental Funds					1,034,476	1,034,665	1,034,476	1,034,665

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

JEFFERSON DAVIS COUNTY
Schedule of Capital Assets
For the Year Ended September 30, 2022
UNAUDITED

	Balance Oct. 1, 2021	Additions	Deletions	Adjustments	Balance Sept. 30, 2022
Land	\$ 471,323				471,323
Construction in progress	-				-
Infrastructure	53,321,458				53,321,458
Buildings	5,752,437				5,752,437
Improvements other than buildings	1,692,257				1,692,257
Mobile equipment	6,459,563	586,782	123,477	571,731	7,494,599
Furniture and equipment	1,240,513	81,352	48,972		1,272,893
Leased property under capital leases	475,980			(475,980)	-
Total capital assets	\$ 69,413,531	668,134	172,449	95,751	70,004,967

These financial statements do not reflect leases in accordance with GASB 87 as these financial statements were prepared using the cash basis of accounting.

The adjustments to the Schedule of Capital Assets are to correct mobile equipment balances and to move leased property to the appropriate asset class.

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

JEFFERSON DAVIS COUNTY
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2022
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2022:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2021	Issued	Principal Payments	Balance Sept. 30, 2022
Governmental Activities:							
A. General Obligation Bonds:							
Hospital Bond	06/2003	04/2025	4.25%	\$ 368,856	-	115,820	253,036
							-
B. Financed Purchases:							
New Holland Tractor w/ Tiger Mower	05/2020	05/2024	2.37%	62,547	-	22,994	39,553
New Holland Tractor w/ Rhino Cutter	03/2020	03/2023	2.34%	39,211	-	25,987	13,224
New Holland Tractor w/ Tiger Mower	08/2020	08/2024	1.74%	85,885	-	28,957	56,928
New Holland Tractor w/ Tiger Mower	06/2020	06/2024	2.37%	78,669	-	28,016	50,653
New Holland Tractor w/ Rhino Cutter	03/2020	03/2024	2.37%	49,020	-	19,260	29,760
(2) Garbage Trucks	12/2021	12/2024	1.59%	-	334,000	91,187	242,813
							-
C. Other Loans:							
Access Road Improvement	02/2014	02/2034	3.00%	138,100	-	9,326	128,774
Road & Bridge Construction	04/2021	03/2026	1.49%	1,000,000	-	194,442	805,558
Total				\$ <u>1,822,288</u>	<u>334,000</u>	<u>535,989</u>	<u>1,620,299</u>

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, 2022
UNAUDITED

<u>Name</u>	<u>Position</u>	<u>Surety Company</u>	<u>Amount</u>
Macon Holliman, Jr.	County Supervisor - District 1	Western Surety Company	\$ 100,000
Charles W. Reid	County Supervisor - District 2	Western Surety Company	100,000
Demarrio Sanchez Booth	County Supervisor - District 3	Western Surety Company	100,000
Terry Wade Mathis	County Supervisor - District 4	Western Surety Company	100,000
Bobby R. Rushing	County Supervisor - District 5	Western Surety Company	100,000
Charlene Fairley	Chancery Clerk	Western Surety Company	100,000
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
Kelley D. Brown	Tax Collector/Assessor	Western Surety Company	100,000
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
Melinda Harper	Deputy Tax Assessor	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
Kelsea Brown	Deputy Justice Court	Western Surety Company	50,000
Harold Rhodes	Constable	Western Surety Company	50,000
Michael Edward Davis	Constable	Western Surety Company	50,000
Janice Bridges	Purchase Clerk	Western Surety Company	105,000
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
Sherri Lynn Weathersby	Assistant Receiving Clerk	Western Surety Company	50,000
Pat Evans	Inventory Control Clerk	Western Surety Company	75,000

JEFFERSON DAVIS COUNTY

Notes to Other Information
For the Year Ended September 30, 2022
UNAUDITED

(1) Budgetary Comparison Information.

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

(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, 2022, the amount of outstanding debt was equal to 0.21% of the latest property assessments.

B. Subsequent Events.

Subsequent to September 30, 2022, the County approved \$7,546,000 in certificates of participation for the lease-purchase of a county detention facility. These certificates of participation were issued on April 14, 2022 at an interest rate of 2.30%.

JEFFERSON DAVIS COUNTY

SPECIAL REPORTS



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

Members of the Board of 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 (*Government Auditing Standards*), the cash basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Jefferson Davis County, Mississippi (the County), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 29, 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.

Report on 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 items 2022-001, 2022-002 and 2022-003 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 items 2022-004 and 2022-005 to be significant deficiencies.

Report on 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 also noted certain matters which we have 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 August 29, 2023, included within this document.

Jefferson Davis County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Jefferson Davis County, Mississippi's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs and Auditee's Corrective Action Plan. Jefferson Davis County, Mississippi's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

Bridgers, Goodman, Baird & Clarke, PLLC

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

August 29, 2023

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

Opinion on the Major Federal Program

We have audited Jefferson Davis County, Mississippi's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, Jefferson Davis County, Mississippi complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Jefferson Davis County, Mississippi's and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Jefferson Davis County, Mississippi's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Jefferson Davis County, Mississippi's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Jefferson Davis County, Mississippi's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Jefferson Davis County, Mississippi's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Jefferson Davis County Mississippi's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Jefferson Davis County, Mississippi's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Jefferson Davis County, Mississippi's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Bridgers, Goodman, Baird & Clarke, PLLC

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

August 29, 2023



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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, 2022. 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 certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our finding and recommendation and your response are disclosed below.

Purchase Clerk.

1. Public officials should ensure that credit card expenditures are in compliance with state law.

Repeat Finding No

Criteria *Section 19-3-68, Mississippi Code Annotated (1972), states, "The board of supervisors of any county may acquire one or more credit cards which may be used by members of the board of supervisors and county employees to pay expenses incurred by them when traveling in or out of the state in the performance of their official duties....The issuance of a credit card to a supervisor or county employee under the provisions of this section does not authorize the supervisor or county employee to use the credit card to make any expenditure that is not otherwise authorized by law. Any supervisor or county employee who uses the credit card to make an expenditure that is not approved for payment by the board shall be personally liable for the expenditure and shall reimburse the county."*

Condition During the course of our test work, we noted multiple instances of where the county credit card was used to make expenditures for items other than travel. We further noted that the Board approved an order related to credit card usage that allows expenditures to be made for items other than travel.

Cause The County has failed to establish a credit card usage policy that is in compliance with the credit card statute and failed to maintain an adequate internal control system to ensure compliance with the credit card statute.

Effect The County is not in compliance with the State's credit card purchasing law, and this may result in the misappropriation of public funds.

Recommendation The Board should ensure that the County's credit card usage policy is in compliance with state law. The Purchase Clerk should ensure that only approved, travel-related expenditures are made on the County's credit cards unless using an approved State Procurement Card.

Views of Responsible Official(s) The Board has been notified of this policy.

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, 2022.

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.

Bridgers, Goodman, Baird & Clarke, PLLC

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

August 29, 2023

JEFFERSON DAVIS COUNTY
Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2022

Schedule 1

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, 2022

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
6/21/2022	Bush hog	\$ 20,610.25	Trax Plus	shortage of equipment inventory limited quotes received
5/18/2022	Equipment and Labor	16,000.00	Ronnie Shivers	Landfill Fire
5/18/2022	Equipment and Labor	2,200.00	Ronnie Shivers	Landfill Fire- worked hot spots

**Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2022**

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

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, 2022, 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 August 29, 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 areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors

1. All Supervisors must Inspect the Roads and Bridges and Attest to the Clerk of the Board for having done so.

Repeat Finding No

Criteria *Section 65-7-117, Mississippi Code Annotated (1972)*, states that, "Each member of the board of supervisors shall inspect every road, bridge and ferry in each district at least

annually, at times to be fixed by the board, and shall file with the clerk of the board a report, under oath, of the condition of the several roads, bridges and ferries inspected by him, with such recommendations as are needful, which reports shall be presented to the board of supervisors and kept on file for three (3) years.”

Condition	During the course of our testing we noted that the Board of Supervisors had inspected the roads and bridges but no certifications on the minutes or affidavits from the supervisors were filed to document that they had examined the roads and bridges annually.
Cause	Annual inspections of the roads and bridges in the County have not been completed and/or attested to having been done.
Effect	Failure to complete annual inspections of roads and bridges and to file an affidavit of said inspection can lead to failure to identify and to complete necessary improvements in a timely manner.
Recommendation	The Board of Supervisors should ensure that they complete the requisite inspections of the roads and bridges in their jurisdiction and file an affidavit with the Clerk of the Board for inclusion in the minutes.
Response	We will comply.

Board of Supervisors and Comptroller

2.	<u>No bank reconciliations of the ERBR account and HB Improvement District Project account are being performed.</u>
Repeat Finding	No
Criteria	An effective system of internal control requires bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.
Condition	During the course of our test work we found that a separate bank reconciliation had not been prepared for the ERBR account or the HB Improvement District Project account for the month of September 2022.
Cause	The system of internal control did not include a separate bank reconciliation of the accounts.
Effect	Failure to complete an accurate and timely bank reconciliation of each individual bank account results in a weakness in the system of internal control over cash.
Recommendation	The County should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared timely and accurately for all bank accounts.
Response	We will comply.

Payroll Clerk

3.	<u>Employee File Documentation.</u>
Repeat Finding	No

Criteria	The County is responsible for establishing and maintaining an effective system of internal controls pertaining to the documentation in employee files.
Condition	<p>During the course of our test work, we noted the following:</p> <ul style="list-style-type: none"> • Nine (9) instances where the I-9 was either incomplete or missing • Three (3) instances where the pay rate was not evidenced • One (1) instance where the pay rate per the file did not match the pay rate in the system • Four (4) instances where the withholding elections per the forms did not match the computer file
Cause	The employee files are not being reviewed regularly to identify any files lacking proper documentation.
Effect	The County employees' withholding elections could be calculated at the wrong rates and the County could face liability due to having improperly executed Form I-9s.
Recommendation	The County should maintain a complete employee file system that would ensure that the County is in compliance with State and Federal employee documentation laws.
Response	The County has not yet provided a response to this finding.

4. Public Officials Should Ensure Compliance with State Law over Rehiring PERS Retirees.

Repeat Finding Yes

Criteria *Section 25-11-127, Mississippi Code Annotated (1972), states, "No person who is being paid a retirement allowance or a pension after retirement under this article shall be employed or paid for any service by the State of Mississippi, including services as an employee, contract worker, contractual employee or independent contractor, until the retired person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement. After the person has been retired for not less than ninety (90) consecutive days from his or her effective date of retirement or such later date as established by the board, he or she may be reemployed while being paid a retirement allowance under the terms and conditions provided in this section....*

4) The provisions of this section shall not be construed to prohibit any retiree, regardless of age, from being employed and drawing a retirement allowance either:

(a) For a period of time not to exceed one-half (½) of the normal working days for the position in any fiscal year during which the retiree will receive no more than one-half (½) of the salary in effect for the position at the time of employment, or

(b) For a period of time in any fiscal year sufficient in length to permit a retiree to earn not in excess of twenty-five percent (25%) of retiree's average compensation.

To determine the normal working days for a position under paragraph (a) of this subsection, the employer shall determine the required number of working days for the position on a full-time basis and the equivalent number of hours representing the full-time position. The retiree then may work up to one-half (½) of the required number of working days or up to one-half (½) of the equivalent number of hours and receive up to one-half (½) of the salary for the position. In the case of employment with multiple

employers, the limitation shall equal one-half (½) of the number of days or hours for a single full-time position.

Notice shall be given in writing to the executive director, setting forth the facts upon which the employment is being made, and the notice shall be given within five (5) days from the date of employment and also from the date of termination of the employment. *[Note: This notice is provided on PERS Form 4B and must be executed annually and sent to PERS]*

(6) (a) A member may retire and continue in municipal or county elective office provided that the member has reached the age and/or service requirement that will not result in a prohibited in-service distribution as defined by the Internal Revenue Service, or a retiree may be elected to a municipal or county office, provided that the person:

(i) Files annually, in writing, in the office of the employer and the office of the executive director of the system before the person takes office or as soon as possible after retirement, a waiver of all salary or compensation and elects to receive in lieu of that salary or compensation a retirement allowance as provided in this section, in which event no salary or compensation shall thereafter be due or payable for those services; however, any such officer or employee may receive, in addition to the retirement allowance, office expense allowance, mileage or travel expense authorized by any statute of the State of Mississippi; or

(ii) Elects to receive compensation for that elective office in an amount not to exceed twenty-five percent (25%) of the retiree's average compensation. In order to receive compensation as allowed in this subparagraph, the retiree shall file annually, in writing, in the office of the employer and the office of the executive director of the system, an election to receive, in addition to a retirement allowance, compensation as allowed in this subparagraph. *[Note: This notice is provided on PERS Form 9C and must be executed annually and sent to PERS]*

(b) The municipality or county in which the retired person holds elective office shall pay to the board the amount of the employer's contributions on the full amount of the regular compensation for the elective office that the retired person holds.

Condition

During the course of our audit, we noted the following:

- Two (2) retirees were paid in excess of the PERS limitation

Cause

The County did not comply with Section 25-11-127, Mississippi Code Annotated (1972) in that it failed to ensure proper notice to PERS, proper execution of required documents, and proper monitoring of wages to ensure the PERS cap was not exceeded.

Effect

The failure to comply with the reemployment conditions as reported on PERS Form 4B and 9C could jeopardize the provisions for reemployment.

Recommendation

The County should timely and accurately file PERS Form 4Bs and 9Cs for all re-hired retirees and ensure that the statutory conditions for reemployment are met.

Response

The County has not yet provided a response to this finding.

Chancery Clerk

5.

The Chancery Clerk Should Ensure Compliance with State Law over Filing the Annual Financial Report and Depositing Excess Funds into the County General Fund.

Repeat Finding	Yes
Criteria	<p><i>Section 9-1-43(1), Mississippi Code Annotated (1972), states, "All such fees received by the office of Chancery or Circuit Clerks that are in excess of the salary limitation shall be deposited by such Clerk into the county general fund on or before April 15 for the preceding calendar year."</i></p> <p><i>Section 9-1-45(1), Mississippi Code Annotated (1972), states, "Each Chancery and Circuit Clerk shall file, not later than April 15 of each year, with the State Auditor of Public Accounts a true and accurate annual report on a form to be designed and supplied to each Clerk by 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 and Circuit Clerk shall provide any additional information requested by the Public Employees' Retirement System for the purpose of retirement calculations."</i></p> <p><i>Section 9-1-45(3), Mississippi Code Annotated (1972), states, "If the Chancery or Circuit Clerk fails to provide the reports required in this section, then the State Auditor shall give by United States certified mail, return receipt requested, written notification to the Chancery or Circuit Clerk of noncompliance. If within thirty (30) days after receipt of the notice, the Chancery or Circuit Clerk, in the opinion of the State Auditor, remains in noncompliance, the State Auditor may institute civil proceedings in a court of the county in which the Clerk serves. The court, upon a hearing, shall decide the issue and if it determines that the Clerk is not in substantial compliance, shall order the Clerk to immediately and thereafter comply. Violations of any order of the court shall be punishable as for contempt. In addition, the court in its discretion may impose a civil penalty in an amount not to exceed Five Thousand Dollars (\$5,000) upon the Clerk, for which he shall be liable in his individual capacity, for any such noncompliance that the court determines as intentional or willful."</i></p>
Condition	<p>The Chancery Clerk has not deposited excess funds into the general fund by April 15.</p> <p>It was further noted that amount to which exception was taken in the prior year's audit report had not been fully repaid to the County as of the date of this report.</p>
Cause	The Chancery Clerk did not timely deposit excess funds into the general fund by the statutory deadline.
Effect	Failure to file an Annual Financial Report could result in a civil court proceeding and possible civil penalty in an amount not to exceed Five Thousand Dollars (\$5,000). Additionally, failure to deposit any amount in excess of the salary limitation into the county general fund could result in misappropriation and/or loss of public funds.
Recommendation	The Chancery Clerk should ensure that the Annual Financial Report is filed and excess funds deposited into the general fund by April 15th.
Response	We will comply.

6.	<u>Public Officials should strengthen controls over deposits and bank reconciliations of the Land Redemption account.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control requires that deposits be made timely and that bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.
Condition	<p>As reported in the prior seven years' audit reports, the bank statements for the land redemption account were not timely reconciled.</p> <p>During the course of our cash count, we noted an unidentified shortage of \$1,560.52.</p> <p>We further noted that deposits had been held for up two (2) weeks prior to being deposited.</p>
Cause	The system of internal control failed to ensure timely deposits and that a timely bank reconciliation was performed for the land redemption account.
Effect	Failure to timely deposit funds received and to complete an accurate and timely bank reconciliation of results in a weakness in the system of internal control over cash.
Recommendation	The Clerk should establish and maintain an effective internal control system over cash and ensure that all deposits are made timely and that all bank reconciliations are prepared timely and accurately.
Response	We will comply.
7.	<u>The Clerk of the Board should ensure publication of the synopsis of the county audit report.</u>
Repeat Finding	No
Criteria	<i>Section 7-7-221, Mississippi Code Annotated (1972), states that, "as soon as possible after an annual audit of the fiscal and financial affairs of a county...has been made and a copy of such report of audit or examination has been filed with the board of supervisors of such county and the clerk thereof, as required in Section 7-7-215, the clerk of the board of supervisors shall publish a synopsis of such report in a form prescribed by the State Auditor.... (4) The clerk shall forward a copy of the published synopsis to the State Auditor within sixty (60) days of its publication."</i>
Condition	During the course of our audit, we noted that the synopsis of the prior year audit report had not been published.
Cause	The Clerk of the Board did not ensure that the synopsis of the prior year audit was published.
Effect	Failure to publish a synopsis of the audit report results in noncompliance with state statutes as well as a lack of transparency with regard to the audit report and notification to the public.

Recommendation The Clerk of the Board should ensure that the synopsis is published in the proper format, as prescribed by statute and the Office of the State Auditor.

Response We will comply.

Circuit Clerk

8. The Circuit Clerk should strengthen internal controls over reconciling bank accounts.

Repeat Finding No

Criteria An effective system of internal controls requires that bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.

Condition During the course of our test work, we noted that bank reconciliations were not being completed timely for the clerk's criminal, civil, and fee accounts.

Cause The Circuit Clerk has not established a system of internal control to ensure cash accounts are accurately and timely reconciled.

Effect Not performing accurate and timely bank reconciliations creates a weakness in the system of internal controls over cash and may result in the loss or misappropriation of county assets.

Recommendation The Circuit Clerk should implement an effective internal control system to increase the accuracy in accounting for receipts and disbursements and to ensure that all bank accounts are reconciled monthly in an accurate and timely manner.

Response Working on it have been without help much of this year behind on those bank statements will catch up ASAP.

The 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 Fairly, Chancery Clerk

Nature of Exception:

See Finding #5 described in this report.

Amount of Exception:

\$15,745.15

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.

Bridgers, Goodman, Baird & Clarke, PLLC

Bridgers, Goodman, Baird & Clarke, PLLC

Certified Public Accountants

Vicksburg, Mississippi

August 29, 2023

JEFFERSON DAVIS COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JEFFERSON DAVIS COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022

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 |
| 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 weaknesses 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 disclosed that is required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 7. Identification of major federal programs | |
| a. 21.027, Coronavirus State and Local Fiscal Recovery Funds | |
| 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 findings 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, 2022

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2022-001.	<u>Component units should be included in the financial statements.</u>
Repeat Finding	No
Criteria	Generally accepted accounting principles require the financial data for the County's 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.
Condition	The financial statements do not include the financial data for the county's legally separate component units.
Cause	The County did not include the audited financial statements of the component units.
Effect	The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.
Recommendation	The Board of Supervisors should provide audited financial data for its discretely presented component units for inclusion in the County's financial statements.
View of Responsible	
Official(s)	The Board chooses not to include component units in their financial statements. The component units included are small unaudited entities.

Board of Supervisors and Payroll Clerk.

Material Weakness

2022-002.	<u>Internal controls over the payroll function should be strengthened.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control over the county payroll function should include proper segregation of duties.
Condition	As reported in the prior five 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 in the master file, change pay rates, and reconcile the bank statement.
Cause	The County did not have adequate controls over the payroll function in terms of segregation of duties.
Effect	Lack of proper segregation of duties could result in the loss or misappropriation of public funds.

JEFFERSON DAVIS COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022

Recommendation The Board of Supervisors should ensure that personnel processing payroll checks do not also have authority to change the master file or reconcile the account.

View of Responsible

Official(s) The County has not yet provided a response to this finding.

Tax Assessor-Collector.

Material Weakness

2022-003. 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 five years' audit reports, the cash journal was not properly maintained. During the course of our audit, we noted the following:

- A cash count on July 13, 2023, revealed an unidentified overage of \$4,823.55 in the Tax Assessor-Collector's bank account.
- The Tax Assessor-Collector did not reconcile the bank statements to the cash journal.
- The Tax Collector's office uses a largely manual process for the tracking of collections and disbursements in place of accounting software. As such, the operation of the manual spreadsheet increases the likelihood of errors in opening balances, journal entries, and reconciliations. There are also less safeguards over the accounting process.

Cause The Tax Assessor-Collector lacked the necessary internal controls to track, record, and reconcile all receipts, disbursement, and bank statements due to the lack of a cash journal that records all transaction cumulatively.

Effect The lack of a properly implemented system of accounting for all receipts and disbursements in the form of a cash journal to which accounts could be reconciled could result in the loss or misappropriation of public funds.

Recommendation The Tax Collector should implement the usage of an accounting system for the office to track and record all collections and disbursements so that an accurate reconciliation to the cash journal can be performed as a control over cash and settlements.

View of Responsible

Official(s) For the FY 2024-2025 I will have a cash journal in place. Will start working on it for the 2023-2024 FY.

JEFFERSON DAVIS COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022

Board of Supervisors and Sheriff.

Significant Deficiency

2022-004. The County should maintain an accounts receivable ledger for amounts due to the jail for housing prisoners and supporting documentation should be timely and accurately prepared.

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 the County are collected. Further, the system should ensure that all supporting documentation necessary for the preparation of bills is complete and timely made available.

Condition The Board of Supervisors invoices the Town of Prentiss and MDOC for the housing of prisoners in the County's jail. As reported in the prior three years' audits, we noted that all nineteen (19) of the receipts from the Town and MDOC did not match the invoices that were sent. We further noted that invoices for the months of August through December had not been timely prepared or maintained. In addition, we noted that the necessary supporting documentation such as census and meal logs were not completed timely and accurately.

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

Further, controls are lacking over the preparation and maintenance of supporting documentation necessary for the preparation of bills.

Effect The failure to maintain an accounts receivable subsidiary ledger and to timely prepare supporting documentation for the preparation of bills could result in a loss of revenue for the County.

Recommendation The Board of Supervisors should create an accounts receivable subsidiary ledger to monitor amounts due to the County.

Further, the Sheriff should ensure that all necessary documentation for the tracking of housing and feeding inmates housed in the jail is timely and accurately maintained in order for timely and accurate billing to take place.

View of Responsible

Official(s) Will comply in a timely manner as recommended.

Sheriff.

Significant Deficiency

2022-005. The Sheriff should ensure compliance with state law regarding the timely deposit of funds.

JEFFERSON DAVIS COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022

Repeat Finding	Yes
Criteria	Management is responsible for establishing a proper internal control system to ensure strong financial accountability and the safeguarding of assets and revenue.
Condition	As reported in the last eight years' audit report, during the course of our test work, we noted seven (7) of ten (10) deposits tested were not made in a timely manner. We noted that it appears that the Sheriff's office makes only a monthly deposit.
Cause	These delays are due to inadequate internal controls surrounding the depositing of revenue collected in the Sheriff's Office.
Effect	Inadequate controls surrounding the deposits of revenue collections could result in the misappropriation of assets and improper revenue recognition. Failure to implement controls over cash could result in a delay in the timely reconciliation of bank accounts and settlement of funds to the County.
Recommendation	The Sheriff should ensure that the deposits are being made in a timely manner.
View of Responsible Official(s)	Will comply in a timely manner as recommended.

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 County
Board of Supervisors
P O Box 1317
2426 Pearl Avenue
Prentiss, MS 39474
601-792-4336
Fax 601-792-4038

Macon C. "Corky" Holliman, District 1
Charles W. Reid, District 2
Demarrio Booth, District 3
Terry Mathis, District 4
Bobby R. Rushing, District 5

Charlene Hall Fairley,
Chancery Clerk
Wes Daughdrill,
Board Attorney

October 9, 2023

Bridgers, Goodman, Baird & Clarke, PLLC
Certified Public Accountants
3528 Manor Drive
Vicksburg, Mississippi 39180

To Whom It May Concern:

Jefferson Davis County respectfully submits the following corrective action plan for the year ended September 30, 2022.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.


Section 1: Summary of Auditor's Results does not include findings and is not addressed.

2022-001.

Corrective Action Planned: Component units of the County are unaudited due to the size of the entities. The County has chosen not to include component units in the audit report

Anticipated Completion Date: Unknown

Signature and Contact Person Responsible for Corrective Action:

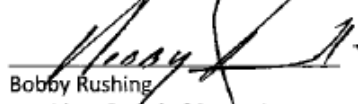

Bobby Rushing
President Board of Supervisors
601-792-4336

2022-002.

Corrective Action Planned: We will comply.

Anticipated Completion Date: Unknown

Signature and Contact Person Responsible for Corrective Action:

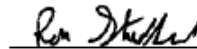

Bobby Rushing
President Board of Supervisors
601-792-4336

2022-003.

Corrective Action Planned: We will comply

Anticipated Completion Date: Unknown

Signature and Contact Person Responsible for Corrective Action:

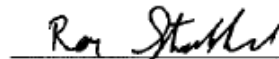

Ron Strickland
Sheriff
601-792-5169

2022-004.

Corrective Action Planned: We will comply

Anticipated Completion Date: Unknown

Signature and Contact Person Responsible for Corrective Action:

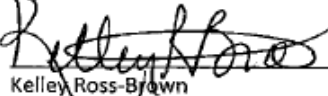

Ron Strickland
Sheriff
601-792-5169

2022-005.

Corrective Action Planned: We will comply

Anticipated Completion Date: Unknown

Signature and Contact Person Responsible for Corrective Action:


Kelley Ross-Brown
Tax Collector/Assessor
601-792-4291

**Jefferson Davis County
Summary Schedule of Prior Year Audit Findings**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Internal Controls over the payroll function should be strengthened.	Not Corrected	See Auditee's Corrective Action Plan.
2021-002	The County should maintain an accounts receivable subsidiary ledger for amounts due to the jail for housing prisoners.	Not Corrected	See Auditee's Corrective Action Plan.
2021-003	Controls over the Tax Assessor-Collector's cash journal should be strengthened.	Not Corrected	See Auditee's Corrective Action Plan.
2021-004	Sheriff's Office is not making deposits in a timely manner.	Not Corrected	See Auditee's Corrective Action Plan.