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# HOLMES COUNTY, MISSISSIPPI

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



HOLMES COUNTY

TABLE OF CONTENTS

FINANCIAL SECTION..... 1  
INDEPENDENT AUDITOR'S REPORT..... 2  
FINANCIAL STATEMENTS..... 4  
    Statement of Net Position – Cash Basis..... 5  
    Statement of Activities – Cash Basis..... 6  
    Statement of Cash Basis Assets and Fund Balances – Governmental Funds..... 7  
    Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund  
        Balances – Governmental Funds..... 8  
    Statement of Net Position - Cash Basis - Proprietary Fund..... 9  
    Statement of Cash Receipts, Disbursements and Changes in Net Position -  
        Proprietary Fund..... 10  
    Statement of Fiduciary Assets and Liabilities – Cash Basis..... 11  
    Notes to Financial Statements..... 12  
OTHER INFORMATION..... 19  
    Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) – General  
        Fund..... 20  
    Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) – Capital  
        Project Fund..... 21  
    Schedule of Interfund Loans..... 22  
    Schedule of Capital Assets..... 23  
    Schedule of Changes in Long-term Debt..... 24  
    Schedule of Surety Bonds for County Officials..... 25  
    Notes to the Other Information..... 26  
SPECIAL REPORTS..... 28  
    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*..... 29  
    Independent Accountant's Report on Central Purchasing System, Inventory Control  
        System and Purchase Clerk Schedules (Required By Section 31-7-115, Miss.  
        Code Ann. (1972))..... 31  
    Limited Internal Control and Compliance Review Management Report..... 38  
SCHEDULE OF FINDINGS AND RESPONSES..... 50

HOLMES COUNTY

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## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Holmes County, Mississippi

### **Report on the Financial Statements**

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Holmes County, Mississippi, (the County) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Holmes County, Mississippi, as of September 30, 2020, and the respective

changes in cash basis financial position and, where applicable, cash flows thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

***Basis of Accounting***

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

***Other Matters***

*Report on Supplementary and Other Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2025 on our consideration of Holmes 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 Holmes 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 Holmes 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

March 25, 2025

HOLMES COUNTY

FINANCIAL STATEMENTS

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

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 12,393,765	795,573	13,189,338
Total Assets	<u>12,393,765</u>	<u>795,573</u>	<u>13,189,338</u>
NET POSITION			
Restricted:			
Expendable:			
General government	2,131,471		2,131,471
Public safety	771,478	795,573	1,567,051
Public works	1,806,310		1,806,310
Health and welfare	25,246		25,246
Economic development and assistance	1,319,106		1,319,106
Debt service	1,079,805		1,079,805
Unemployment compensation	25,000		25,000
Unrestricted	5,235,349		5,235,349
Total Net Position	\$ <u>12,393,765</u>	<u>795,573</u>	<u>13,189,338</u>

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



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

Exhibit 2

Functions/Programs	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position			
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 4,669,673	387,222	30,962	10,932	(4,240,557)		(4,240,557)
Public safety	2,293,785	172,523	1,117,978		(1,003,284)		(1,003,284)
Public works	5,675,630	8,734	45,122	14,814	(5,606,960)		(5,606,960)
Health and welfare	317,748		65,113		(252,635)		(252,635)
Conservation of natural resources	95,859				(95,859)		(95,859)
Economic development and assistance	236,975				(236,975)		(236,975)
<b>Debt service:</b>							
Principal	1,884,740				(1,884,740)		(1,884,740)
Interest	227,505				(227,505)		(227,505)
<b>Total Governmental Activities</b>	<u>15,401,915</u>	<u>568,479</u>	<u>1,259,175</u>	<u>25,746</u>	<u>(13,548,515)</u>	<u>0</u>	<u>(13,548,515)</u>
<b>Business-type activities:</b>							
Regional correctional facility	2,994,994	2,754,483				(240,511)	(240,511)
<b>Total Business-type Activities</b>	<u>2,994,994</u>	<u>2,754,483</u>	<u>0</u>	<u>0</u>	<u>(240,511)</u>	<u>(240,511)</u>	<u>(240,511)</u>
<b>Total Primary Government</b>	<u>\$ 18,396,909</u>	<u>3,322,962</u>	<u>1,259,175</u>	<u>25,746</u>	<u>(13,548,515)</u>	<u>(240,511)</u>	<u>(13,789,026)</u>
<b>General receipts:</b>							
Property taxes					\$ 8,791,373		8,791,373
Road & bridge privilege taxes					219,521		219,521
Grants and contributions not restricted to specific programs					978,759		978,759
Unrestricted interest income					288,578	9,474	298,052
Miscellaneous					2,338,700	51,600	2,390,300
Proceeds from debt issuance					2,020,750		2,020,750
Lease principal payments					28,818		28,818
Sale of county property					699,714		699,714
Transfers					1,407,605	(809,605)	598,000
Total General Receipts, Special Item, Extraordinary Item, Other Cash Sources and Transfers					16,773,818	(748,531)	16,025,287
Changes in Net Position					3,225,303	(989,042)	2,236,261
<b>Net Position - Beginning*</b>					9,168,462	1,784,615	10,953,077
<b>Net Position - Ending</b>					\$ 12,393,765	795,573	13,189,338

\* Net Position - Beginning will not agree to prior year due to the County electing to present the basic financial statements on the cash basis of accounting for the fiscal year ended September 30, 2020 (See Note 2).

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

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

Exhibit 3

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	
<b>ASSETS</b>				
Cash	\$ 5,235,349	1,521,155	5,637,261	12,393,765
Total Assets	<u>\$ 5,235,349</u>	<u>1,521,155</u>	<u>5,637,261</u>	<u>12,393,765</u>
<b>FUND BALANCES</b>				
Restricted for:				
General government	\$	1,521,155	610,316	2,131,471
Public safety			771,478	771,478
Public works			1,806,310	1,806,310
Health and welfare			25,246	25,246
Economic development and assistance			1,319,106	1,319,106
Debt service			1,079,805	1,079,805
Unemployment compensation			25,000	25,000
Unassigned	<u>5,235,349</u>			<u>5,235,349</u>
Total Fund Balances	<u>\$ 5,235,349</u>	<u>1,521,155</u>	<u>5,637,261</u>	<u>12,393,765</u>

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

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

Exhibit 4

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Other Governmental Funds	
<b>RECEIPTS</b>				
Property taxes	\$ 5,226,120		3,565,253	8,791,373
Road and bridge privilege taxes			219,521	219,521
Licenses, commissions and other receipts	141,477		28,245	169,722
Fines and forfeitures	170,432			170,432
Intergovernmental receipts	392,543		1,871,137	2,263,680
Charges for services	72,553		155,772	228,325
Interest income	282,357		6,221	288,578
Miscellaneous receipts	435,389	1,665,343	237,968	2,338,700
Total Receipts	<u>6,720,871</u>	<u>1,665,343</u>	<u>6,084,117</u>	<u>14,470,331</u>
<b>DISBURSEMENTS</b>				
General government	3,823,170	190,841	655,662	4,669,673
Public safety	2,004,786		288,999	2,293,785
Public works	291,266		5,384,364	5,675,630
Health and welfare	317,748			317,748
Conservation of natural resources	95,859			95,859
Economic development and assistance	163,376		73,599	236,975
Debt service:				
Principal			1,884,740	1,884,740
Interest			227,505	227,505
Total Disbursements	<u>6,696,205</u>	<u>190,841</u>	<u>8,514,869</u>	<u>15,401,915</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>24,666</u>	<u>1,474,502</u>	<u>(2,430,752)</u>	<u>(931,584)</u>
<b>OTHER CASH SOURCES (USES)</b>				
Proceeds from long-term debt issuance			2,020,750	2,020,750
Sale of county property			699,714	699,714
Transfers in	2,743,714		1,777,802	4,521,516
Transfers out	(1,445,069)		(1,668,842)	(3,113,911)
Lease principal payments			28,818	28,818
Total Other Cash Sources and Uses	<u>1,298,645</u>	<u>0</u>	<u>2,858,242</u>	<u>4,156,887</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>1,323,311</u>	<u>1,474,502</u>	<u>427,490</u>	<u>3,225,303</u>
Cash Basis Fund Balances - Beginning*	<u>3,912,038</u>	<u>46,653</u>	<u>5,209,771</u>	<u>9,168,462</u>
Cash Basis Fund Balances - Ending	<u>\$ 5,235,349</u>	<u>1,521,155</u>	<u>5,637,261</u>	<u>12,393,765</u>

\* Cash Basis Fund Balances - Beginning will not agree to prior year due to the County electing to present the basic financial statements on the cash basis of accounting for the year ended September 30, 2020 (See Note 2).

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

HOLMES COUNTY  
 Statement of Net Position - Cash Basis - Proprietary Fund  
 September 30, 2020

Exhibit 5

	Business-type Activities - Enterprise Fund
	Holmes-Humphreys Regional Correctional Facility Fund
ASSETS	
Cash	\$ 795,573
Total Assets	<u>795,573</u>
NET POSITION	
Restricted for:	
Public safety	795,573
Total Net Position	<u>\$ 795,573</u>

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

## HOLMES COUNTY

Exhibit 6

Statement of Cash Receipts, Disbursements and Changes in Net Position - Proprietary Fund  
For the Year Ended September 30, 2020

	Business-type Activities - Enterprise Fund
	Holmes-Humphreys Regional Correctional Facility Fund
Operating Receipts	
Charges for services	\$ 2,754,483
Miscellaneous	51,600
Total Operating Receipts	<u>2,806,083</u>
Operating Disbursements	
Personal services	1,549,352
Contractual services	354,240
Materials and supplies	556,030
Indirect administrative cost	50,872
Total Operating Disbursements	<u>2,510,494</u>
Operating Income (Loss)	<u>295,589</u>
Nonoperating Receipts (Disbursements)	
Interest income	9,474
Principal paid	(475,000)
Interest expense	(9,500)
Net Nonoperating Receipts (Disbursements)	<u>(475,026)</u>
Net Income (Loss) Before Capital Contributions, Special and Extraordinary Items and Transfers	<u>(179,437)</u>
Transfers in	184,864
Transfers out	(994,469)
Changes in Net Position	<u>(989,042)</u>
Net Position - Beginning	<u>1,784,615</u>
Net Position - Ending	<u>\$ 795,573</u>

\* Net Position - Beginning will not agree to prior year due to the County electing to present the basic financial statements on the cash basis of accounting for the year ended September 30, 2020 (See Note 2)

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

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

Exhibit 7

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 80,226
Total Assets	<u>\$ 80,226</u>
<b>LIABILITIES</b>	
Amounts held in custody for others	\$ 10,258
Intergovernmental payables	<u>69,968</u>
Total Liabilities	<u>\$ 80,226</u>

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

## HOLMES COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Holmes 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 Holmes County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County. There are no outside organizations that should be included as component units of the County's reporting entity.

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental receipts and other nonexchange receipts and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

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

HOLMES COUNTY

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

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

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

The County reports the following major Governmental Funds:

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

Capital Projects Fund – This fund is used to account for the County’s acquisition or construction of capital facilities and other capital assets.

The County reports the following major Enterprise Funds:

Holmes-Humphreys Regional Correctional Facility Fund (HHRCF) – This fund is used to account for the County’s activities of operating the correctional facility.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

PROPRIETARY FUND TYPE

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the County has decided that



## HOLMES COUNTY

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

periodic determination of receipts collected, disbursements paid and/or net income is necessary for management accountability.

#### FIDUCIARY FUND TYPE

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

#### D. Account Classifications.

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

#### E. Deposits.

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

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

#### F. Equity Classifications.

Government-wide Financial Statements:

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

*Restricted fund balance* includes amounts that have constraints placed upon the use of the

## HOLMES COUNTY

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

resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

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

#### Fund Balance Flow Assumption:

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

#### G. Property Tax Receipts.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All property taxes are recognized as receipts when collected.

#### (2) Change in Accounting Principle.

Prior to October 1, 2019, the County's financial statements were presented using the accrual basis of accounting. For the fiscal year ended September 30, 2020, the basic financial statements are prepared on a cash basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

#### (3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$13,269,564, and the bank balance was \$13,575,057. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

**Custodial Credit Risk - Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial

HOLMES COUNTY

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

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

(4) Interfund Transfers.

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

Transfers In/Out:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 1,216,052
General Fund	HHRCF	994,469
General Fund	Agency Funds	533,193
Other Governmental Funds	General Fund	1,260,205
Other Governmental Funds	Other Governmental Funds	452,790
Other Governmental Funds	Agency Funds	64,807
HHRCF	General Fund	184,864
Total		<u>\$ 4,706,380</u>

The principal purpose of interfund transfers was to cover operating costs, provide grant matching funds, and correct errors in the county's books. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2020, to January 1, 2021. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(6) Capital Leases.

HOLMES COUNTY

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

As Lessor:

On November 1, 2005, Holmes County entered into a capital lease agreement with Lexington Homes for the lease of a building. The capital lease stipulated that the lease would pay approximately \$3,050 per month in lease payments for a term of 20 years. At the end of the lease term, the building becomes property of Lexington Homes.

The County leases the following property with varying terms and options as of September 30, 2020:

<u>Classes of Property</u>	<u>Amount</u>
Land	\$ 53,000
Buildings	<u>495,000</u>
Total	<u><u>548,000</u></u>

The future minimum lease receivables and the present value of the net minimum lease receivables as of September 30, 2020, are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 31,788	4,815
2022	32,755	3,848
2023	33,751	2,852
2024	34,778	1,825
2025	35,836	767
2026	<u>3,038</u>	<u>14</u>
Total	\$ <u><u>171,946</u></u>	<u><u>14,121</u></u>

(7) Contingencies.

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

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

(8) Related Organizations.

The Holmes County Board of Supervisors is responsible for appointing a voting majority of the members on the board of the Sweethome Water and Sewer District, but the county's accountability for this organization does not extend beyond making board appointments.

(9) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Holmes County Board of Supervisors appoints six of the 22 members of the College Board of Trustees. The County appropriated \$600,673 for the maintenance and support of the College in fiscal year 2020.

## HOLMES COUNTY

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

The Mid-Mississippi Regional Library System operates in a district composed of the counties of Attala, Holmes, Leake, Montgomery, and Winston. The Holmes County Board of Supervisors appoints one of the five members of the library board of trustees. The county appropriated \$220,966 for maintenance and support of the library in fiscal year 2020.

North Central Planning and Development District operates in a district comprised of the counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yalobusha. The Holmes County Board of Supervisors appoints four of the 28 members of the district board of directors. The County appropriated \$63,500 for support of the district in fiscal year 2020.

Region Six Mental Health/Mental Retardation Center Life Help operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Holmes County Board of Supervisors appoints one of the eight members of the board of commissioners. The county appropriated \$26,800 for the support of the center in fiscal year 2020.

Yazoo-Mississippi Water Management District operates in a district composed of the counties of Bolivar, Carroll, Coahoma, Desoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Holmes County Board of Supervisors appoints one of the 21 members of the district board of commissioners. The county levied 0.71 mills for the support of the district in the fiscal year 2020.

(10) Defined Benefit Pension Plan.

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

Funding Policy. At September 30, 2020, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2020, 2019 and 2018 were \$800,450, \$729,386, and \$698,273, respectively, equal to the required contributions for each year.

HOLMES COUNTY

OTHER INFORMATION

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Property taxes	\$ 5,157,525	5,219,121	5,226,120	6,999
Licenses, commissions and other receipts	132,000	117,301	141,477	24,176
Fines and forfeitures	151,000	170,432	170,432	0
Intergovernmental receipts	403,098	462,426	392,543	(69,883)
Charges for services	70,000	72,553	72,553	0
Interest income	195,000	280,932	282,357	1,425
Miscellaneous receipts	326,800	330,929	435,389	104,460
Total Receipts	<u>6,435,423</u>	<u>6,653,694</u>	<u>6,720,871</u>	<u>67,177</u>
<b>DISBURSEMENTS</b>				
Current:				
General government	3,558,827	3,832,194	3,823,170	9,024
Public safety	1,982,311	2,004,786	2,004,786	0
Public works	34,856	282,242	291,266	(9,024)
Health and welfare	363,392	317,748	317,748	0
Conservation of natural resources	120,781	95,859	95,859	0
Economic development and assistance	183,756	163,376	163,376	0
Total Disbursements	<u>6,243,923</u>	<u>6,696,205</u>	<u>6,696,205</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>191,500</u>	<u>(42,511)</u>	<u>24,666</u>	<u>67,177</u>
<b>OTHER CASH SOURCES (USES)</b>				
Other financing sources	285,000	52,936	2,743,714	2,690,778
Other financing uses	<u>(433,000)</u>	<u>(1,445,069)</u>	<u>(1,445,069)</u>	<u>0</u>
Total Other Cash Sources and Uses	<u>(148,000)</u>	<u>(1,392,133)</u>	<u>1,298,645</u>	<u>2,690,778</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>43,500</u>	<u>(1,434,644)</u>	<u>1,323,311</u>	<u>2,757,955</u>
Cash Basis Fund Balances - Beginning	<u>0</u>	<u>5,192,984</u>	<u>3,912,038</u>	<u>(1,280,946)</u>
Cash Basis Fund Balances - Ending	<u>\$ 43,500</u>	<u>3,758,340</u>	<u>5,235,349</u>	<u>1,477,009</u>

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

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Miscellaneous receipts	\$	1,665,343	1,665,343	0
Total Receipts	<u>0</u>	<u>1,665,343</u>	<u>1,665,343</u>	<u>0</u>
<b>DISBURSEMENTS</b>				
Current:				
General government		190,841	190,841	0
Total Disbursements	<u>0</u>	<u>190,841</u>	<u>190,841</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>0</u>	<u>1,474,502</u>	<u>1,474,502</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	0	1,474,502	1,474,502	0
Cash Basis Fund Balances - Beginning	<u>0</u>	<u>46,653</u>	<u>46,653</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 0</u>	<u>1,521,155</u>	<u>1,521,155</u>	<u>0</u>

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



HOLMES COUNTY  
 Schedule of Interfund Loans  
 For the Year Ended September 30, 2020  
 UNAUDITED

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 308,611
Other Governmental Funds	Other Governmental Funds	<u>88,739</u>
Total		<u>\$ 397,350</u>

The receivables represent amounts needed to cover operating costs, provide grant matching funds, and to correct errors in the County's books. All interfund balances are expected to be repaid within one year from the date of the financial statements.

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

**Governmental activities:**

	Balance Oct. 1, 2019	Additions	Deletions	Adjustments	Balance Sept. 30, 2020
Land	\$ 380,991	11,550			392,541
Construction in progress	609,764	387,731		(87,947)	909,548
Infrastructure	18,344,873			85,491	18,430,364
Buildings	7,250,796	50,000			7,300,796
Mobile equipment	5,861,376	729,841	1,199,511	746,700	6,138,406
Furniture and equipment	977,273		5,816		971,457
Leased property under capital leases	<u>2,798,111</u>	<u>1,579,250</u>	<u>946,951</u>	<u>(746,700)</u>	<u>2,683,710</u>
Total capital assets	<u>\$ 36,223,184</u>	<u>2,758,372</u>	<u>2,152,278</u>	<u>(2,456)</u>	<u>36,826,822</u>

**Business-type activities:**

	Balance Oct. 1, 2019	Additions	Deletions	Adjustments	Balance Sept. 30, 2020
Land	\$ 120,000				120,000
Buildings	5,333,915				5,333,915
Improvements other than buildings	36,149				36,149
Mobile equipment	146,733				146,733
Furniture and equipment	<u>84,603</u>				<u>84,603</u>
Total capital assets	<u>\$ 5,721,400</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,721,400</u>

Adjustments were made to reclassify items and to correct construction in progress totals.

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

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

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance		Principal Payments	Balance Sept. 30, 2020
				Oct. 1, 2019	Issued		
<b>Governmental Activities:</b>							
A. General Obligation Bonds:							
County Building Bond	09/2008	09/2028	3.75/5.125%	\$ 1,120,000		105,000	1,015,000
County Road and Building	03/2010	08/2025	3.10/4.25%	945,000		140,000	805,000
District 4 Road and Bridge	08/2013	08/2023	2.30/3.20%	265,000		65,000	200,000
District 2 R&B, Series 2014	10/2014	09/2024	1.90%	134,000		25,000	109,000
District 3 R&B, Series 2014	10/2014	09/2024	1.90%	107,000		20,000	87,000
Countywide Road Bond, Series 2017	09/2017	03/2027	3.35%	2,065,000		230,000	1,835,000
District 4 R&B, Series 2019	04/2019	04/2024	2.34%	203,000		49,000	154,000
District 4 R&B, Series 2020	09/2020	09/2024	0.14%	0	400,000		400,000
B. Capital Leases:							
Case extendahoe	04/2015	04/2020	2.27%	5,258		5,258	0
2 Garbage trucks	05/2016	05/2020	1.96%	180,125		180,125	0
2012 Volvo motor grader	11/2015	12/2019	2.24%	63,746		63,746	0
2012 Volvo motor grader	12/2016	01/2021	2.43%	74,156		20,980	53,176
3 Western Star trucks	12/2016	01/2020	2.09%	278,108		278,108	0
3 Western Star dump trucks	02/2017	03/2020	2.34%	267,395		267,395	0
2012 Volvo motor grader	12/2016	01/2021	2.43%	72,562		19,386	53,176
Caterpillar motor grader	08/2017	09/2021	2.55%	73,503		12,741	60,762
Kubota tractor	10/2016	10/2021	2.25%	21,508		10,633	10,875
John Deere 6135E tractor	07/2017	07/2022	2.64%	37,939		13,533	24,406
Case backhoe	07/2017	07/2022	2.64%	37,819		13,081	24,738
2 Mack trucks	05/2018	05/2022	3.54%	85,967		57,871	28,096
JD utility tractor 5100E	05/2018	05/2021	3.59%	17,168		10,729	6,439
John Deere tractor	10/2018	10/2023	3.77%	47,586		11,233	36,353
2 motor graders	09/2019	09/2025	3.85%	100,000		34,788	65,212
Volvo motor grader	01/2020	01/2024	4.19%	0	62,500	10,936	51,564
Kenworth dump trucks	02/2020	03/2023	3.16%	0	378,000	28,737	349,263
Kenworth dump truck	02/2020	03/2021	3.16%	0	149,350	6,444	142,906
2 Garbage trucks	03/2020	04/2023	3.35%	0	464,000	32,258	431,742
2 Kenworth dump trucks	03/2020	04/2023	3.16%	0	526,000	36,323	489,677
Case 580SN backhoe	04/2020	04/2021	2.93%	0	40,900	4,855	36,045
C. Other Loans:							
Capital Improvement Loan	10/2005	11/2025	3.00%	200,352		30,973	169,379
2016 District 5 Road	10/2016	09/2021	2.15%	61,866		30,636	31,230
District 3 G.O. Note	07/2017	07/2022	1.75%	122,076		39,983	82,093
District 4 G.O. Note	07/2017	07/2022	1.75%	91,557		29,988	61,569
Total				\$ 6,677,691	2,020,750	1,884,740	6,813,701
<b>Business-type Activities:</b>							
A. Limited Obligation Bonds:							
Urban renewal revenue bonds	06/2009	06/2020	3.00/4.00%	\$ 475,000		475,000	0
Total				\$ 475,000	0	475,000	0

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

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

Name	Position	Company	Bond
Leonard Hampton	Supervisor District 1	Travelers Insurance Company	\$100,000
James Young	Supervisor District 2	Travelers Insurance Company	\$100,000
Debra Mabry	Supervisor District 3	Travelers Insurance Company	\$100,000
Leroy Johnson	Supervisor District 4	Travelers Insurance Company	\$100,000
Alphonso Greer	Supervisor District 5	Travelers Insurance Company	\$100,000
Charlie Lockett	Chancery Clerk	Travelers Insurance Company	\$100,000
Charlie M. Joiner	County Administrator	Travelers Insurance Company	\$100,000
Linda Rollins	Tax Assessor/Collector	Travelers Insurance Company	\$100,000
Kahaliah Cook	Deputy Tax Collector	Travelers Insurance Company	\$50,000
Sandra Green	Deputy Tax Collector	Travelers Insurance Company	\$50,000
Wanda S. Harrell	Deputy Tax Collector	Travelers Insurance Company	\$50,000
Myra Meeks- Porter	Deputy Tax Collector	Travelers Insurance Company	\$50,000
Tina K. Upchurch	Deputy Tax Collector	Travelers Insurance Company	\$50,000
Jacqueline Wilson	Deputy Tax Collector	Travelers Insurance Company	\$50,000
Leonard Jones	Deputy Tax Assessor	Travelers Insurance Company	\$10,000
Earline Wright-Hart	Circuit Clerk	Hartford Fire Insurance Company	\$100,000
Debra Randle	Deputy Circuit Clerk	Travelers Insurance Company	\$50,000
Brenda Travis	Deputy Circuit Clerk	Travelers Insurance Company	\$50,000
Shaylia Powell	Deputy Circuit Clerk	Travelers Insurance Company	\$50,000
Willie March	Sheriff	Travelers Insurance Company	\$100,000
Charlie M Joiner	Purchase Clerk	Western Surety	\$75,000
Vanessa Truss	Purchase Clerk	Travelers Insurance Company	\$75,000
Vanessa Truss	Assistant Purchase Clerk	Travelers Insurance Company	\$50,000
Alanda Taylor	Assistant Purchase Clerk	Travelers Insurance Company	\$50,000
Sheila Riley	Receiving Clerk	Travelers Insurance Company	\$75,000
Alphonzo Greer	Assistant Receiving Clerk	Travelers Insurance Company	\$50,000
Wilma P. Jones	Assistant Receiving Clerk	Nationwide Mutual Insurance	\$20,000
Vanessa Truss	Inventory Control Clerk	Travelers Insurance Company	\$75,000
Willie Anderson	Constable	Travelers Insurance Company	\$50,000
Sharkey Ford	Constable	Travelers Insurance Company	\$50,000
Marcus Fisher	Justice Court Judge	Travelers Insurance Company	\$50,000
Shirley Neal, III	Justice Court Judge	Travelers Insurance Company	\$50,000
Stella D. Ross	Justice Court Clerk	Travelers Insurance Company	\$50,000
Dedra Edwards	Justice Court Clerk	Travelers Insurance Company	\$50,000
Patricia Watts	Deputy Justice Court Clerk	Travelers Insurance Company	\$50,000
Maretis Davis	Deputy Justice Court Clerk	Travelers Insurance Company	\$50,000
Lillie Simmons	Deputy Justice Court Clerk	Travelers Insurance Company	\$50,000
Amanda Jones	Deputy Justice Court Clerk	Travelers Insurance Company	\$50,000

HOLMES COUNTY

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

UNAUDITED

(1) Budgetary Comparison Information

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

(2) Long-term Debt Information:

A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2020, the amount of outstanding debt was equal to 3.73% of the latest property assessments.

B. Subsequent Events

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

HOLMES COUNTY

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

UNAUDITED

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
12/2020	0.42%	200,000	Other loan	Ad valorem taxes
03/2021	2.99%	210,586	Capital lease	Ad valorem taxes
03/2021	2.99%	242,965	Capital lease	Ad valorem taxes
03/2021	2.99%	192,460	Capital lease	Ad valorem taxes
04/2021	2.99%	151,900	Capital lease	Ad valorem taxes
04/2021	1.23%	1,749,000	Bonded debt	Ad valorem taxes
06/2022	5.06%	598,000	Financed purchase	Ad valorem taxes
06/2022	4.22%	172,000	Financed purchase	Ad valorem taxes
06/2022	5.25%	220,000	Financed purchase	Ad valorem taxes
06/2022	5.11%	298,000	Refinance	Ad valorem taxes
06/2022	5.06%	350,000	Financed purchase	Ad valorem taxes
06/2022	6.59%	70,050	Financed purchase	Ad valorem taxes
04/2024	4.09%	300,000	Bonded debt	Ad valorem taxes
04/2024	3.20%	250,000	Bonded debt	Ad valorem taxes
04/2024	3.20%	200,000	Bonded debt	Ad valorem taxes
04/2024	4.21%	400,000	Bonded debt	Ad valorem taxes
04/2024	4.09%	200,000	Bonded debt	Ad valorem taxes
05/2024	not available	231,000	Financed purchase	Ad valorem taxes
05/2024	not available	754,437	Financed purchase	Ad valorem taxes

On June 21, 2023, agents of the Office of the State Auditor arrested Melissa Upchurch, the former District Secretary for the Holmes County Water and Soil Conservation District. She was charged with embezzlement and was served with a \$48,160.08 demand letter at the time of her surrender. The demand letter included interest and investigative costs. In 2024, she pled guilty to the charges.

HOLMES COUNTY

SPECIAL REPORTS



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GOVERNMENT AUDIT QUALITY CENTER

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  
Holmes County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Holmes County, Mississippi (the County), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 25, 2025.

### **Internal Control Over Financial Reporting**

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

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 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. 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.

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

### **Compliance and Other Matters**

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



We noted certain matters that we reported to the management of Holmes County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated March 25, 2025, included within this document.

### **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, MS

March 25, 2025



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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, MISS. CODE ANN. (1972))

Members of the Board of Supervisors  
Holmes County, Mississippi

We have examined Holmes County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2020. The Board of Supervisors of Holmes 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 Holmes 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 findings and recommendations and your responses are disclosed below.

**Board of Supervisors and Purchase Clerk.**

1. Public Officials Should Ensure that Credit Card Expenditures are in Compliance with State Law.

**Repeat Finding** Yes, 2019-004, 2018-1

**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.”

<b>Condition</b>	During the course of our test work, we noted the following instances of noncompliance with State law: <ul style="list-style-type: none"><li>• Multiple instances where the county credit card was used to make expenditures for items other than travel</li><li>• The County’s credit card usage policy allows the County Administrator to make expenditures for items other than travel</li></ul>
<b>Cause</b>	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.
<b>Effect</b>	The County is not in compliance with the State’s credit card purchasing law, and this may result in the misappropriation of public funds.
<b>Recommendation</b>	The Board should ensure that the County’s credit card usage policy is in compliance with state law. The Chancery Clerk or Purchase Clerk should ensure that only approved, travel-related expenditures are made on the County’s credit card.
<b>Views of Responsible Official(s)</b>	The County is in the process of obtaining a DFA procurement card in order to ensure that we are in compliance with the statute for purchases other than travel.

**Purchase Clerk.**

**2. Public Officials Should Ensure Compliance with State Law over Purchasing Schedules.**

**Repeat Finding** Yes, 2019-001, 2018-2

**Criteria** *Section 31-7-115, Mississippi Code Annotated (1972), states, “The State Auditor, or a certified public accountant employed by the State Auditor, shall, upon the close of the fiscal year of the county, make an audit of the books, records, supporting documents and other data of the county purchase clerk and the inventory control clerk. The Auditor shall review the county’s compliance with Section 31-7-13(d), (k) and (m). The audit report shall include a schedule of purchases not made from the lowest bidder under the authority of Section 31-7-13(d), with the reasons given therefor. The audit report shall include a schedule of emergency purchases made under the authority of Section 31-7-13(k). The audit report shall include a schedule of purchases made noncompetitively from a sole source under the authority of Section 31-7-13(m)....”*

<b>Condition</b>	During the course of our audit, we noted the following instances of noncompliance with State law: <ul style="list-style-type: none"><li>• The Purchase Clerk did not maintain Purchasing Schedules</li><li>• Three (3) emergency purchases were approved by the Board but were not included on the Purchasing Schedules</li></ul>
<b>Cause</b>	The Purchase Clerk failed to maintain the Purchasing Schedules.
<b>Effect</b>	Failure to properly record purchases on the Purchasing Schedules results in noncompliance with State law and could result in the misappropriation of public funds.
<b>Recommendation</b>	The Board should ensure that the Purchase Clerk properly maintains the Purchasing Schedules. The Board should review scheduled transactions to ensure compliance with State procurement law.
<b>View of Responsible Official(s)</b>	The current Purchase Clerk is currently maintaining the purchase schedules.

<b>3.</b>	<u>Public Officials Should Establish and Maintain Internal Control and Compliance with Public Purchasing Laws.</u>
<b>Repeat Finding</b>	Yes, 2019-003, 2018-3
<b>Criteria</b>	The County is responsible for complying with the requirements of the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws; Title 31, Chapter 7.
<b>Condition</b>	<p>The County failed to comply with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Title 31, Chapter 7. A well-designed purchasing system would comply with the provisions of Title 31, Chapter 7 and would include proper bid requirements as well as the use of purchase requisitions, purchase orders, and receiving reports. During our test work, we noted the following instances of non-compliance:</p> <ul style="list-style-type: none"> <li>• Five (5) instances where a receiving report was signed by an unauthorized individual</li> <li>• Two (2) instances where no competitive bid or second quote was obtained for an expenditure of greater than \$5,000</li> <li>• Two (2) instances where no documentation other than an invoice was provided for expenditures greater than \$1,500</li> <li>• Six (6) instances where the purchase requisition and purchase order were signed by the same individual</li> <li>• Three (3) instances where the purchase order was dated prior to the purchase requisition</li> <li>• Three (3) instances where the purchase requisition was not dated</li> </ul>
<b>Cause</b>	The County has failed to establish and maintain an adequate internal control system to ensure compliance with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Title 31, Chapter 7.
<b>Effect</b>	The County is not in compliance with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Title 31, Chapter 7.
<b>Recommendation</b>	The County should establish and maintain an adequate internal control system which would ensure that the County is in compliance with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Title 31, Chapter 7.
<b>View of Responsible Official(s)</b>	The County will comply with the finding. The previous Purchase Clerk is no longer in the position.

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

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

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

This report is intended for use in evaluating the central purchasing system and inventory control system of Holmes 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, MS

March 25, 2025

HOLMES COUNTY  
Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30, 2020

Schedule 1

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

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

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
11/22/2019	TPO system roof installation	\$ 32,903	Watkins Construction & Roofing	None given
4/20/2020	Repair of gas line	13,339	Upchurch Services	None given
9/8/2020	2008 Kenworth T370 fire truck	85,000	Deep South Fire Trucks, Inc.	None given

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

Schedule 3

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  
Holmes County, Mississippi

In planning and performing our audit of the cash basis financial statements of Holmes County, Mississippi (the County) for the year ended September 30, 2020, we considered Holmes 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 Holmes County, Mississippi’s financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County’s compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated March 25, 2025, on the financial statements of Holmes County, Mississippi.

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

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

**Board of Supervisors.**

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

**Repeat Finding** Yes, 2019-1, 2018-6

**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.

**Views of Responsible Official(s)** The Supervisors will comply. We are currently in compliance with Section 65-7-117.

2. Public Officials and Employees should ensure compliance with state law over surety bonding requirements.

**Repeat Finding** Yes, 2019-16, 2018-8

**Criteria** *Section 25-1-15, Mississippi Code Annotated (1972)*, states, “A new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.”

**Condition** During the course of our testing we noted the following instances of non-compliance:

- Two (2) Assistant Receiving Clerks were not bonded
- One (1) Assistant Receiving Clerk was bonded below the statutorily required amount
- Eight (8) Assistant Receiving Clerks were bonded with a blanket bond
- One (1) Deputy Tax Collector and one (1) Deputy Tax Assessor were not bonded for the entire period
- One (1) Deputy Justice Court Clerk was not bonded for the entire period

**Cause** Public Officials and the Board of Supervisors have insufficient control over the requirements for bonding officials and employees.

**Effect** Failure to have a bond in place for a specific term could limit the amount available for recovery if a loss occurred over multiple terms, as well as the current terms.

**Recommendation** We recommend the Board of Supervisors implement procedures to ensure that County officials’ and employees’ bonds meet the requirements of State Laws.

**Views of Responsible Official(s)** Procedures have been implemented to ensure that bonds are secured upon employment per statutes.

3. Public Official should Ensure Compliance with State Law Regarding Executive Sessions.

**Repeat Finding** No

**Criteria** *Section 25-41-7(3), Mississippi Code Annotated (1972)*, states, “(3) An executive session shall be limited to matters allowed to be exempted from open meetings by subsection (4) of this section. The reason for holding an executive session shall be stated in an open meeting, and the reason so stated shall be recorded in the minutes of the meeting. Nothing in this section shall be construed to require that any meeting be closed to the public, nor shall any executive session be used to circumvent or to defeat the purposes of this chapter....”

**Condition** During the course of our audit, we noted the following instances of non-compliance:

- On 12/2/2019, an executive session was held to discuss “Asphalt”
- On 12/16/2019, an executive session was held to discuss “County Equipment and Request from COGIC”

- On 12/23/2019, an executive session was held to discuss “Request from COGIC to Rename County Courthouse Square”
- On 4/6/2020, an executive session was held to discuss “Amicus Opportunity ACA at Supreme Court”
- On 5/4/2020, an executive session was held to discuss “Unifest, Justice Court Audit Findings, and Contract for Lawn Maintenance”
- On 6/15/2020, an executive session was held to discuss “Contact Tracing for COVID-19”
- On 7/6/2020, an executive session was held to discuss “Budget Request for Boys & Girls Club and VOCA Reporting Worksheet”
- On 9/8/2020, an executive session was held to discuss “Payments to Kirk Auto for Supervisors’ County Vehicles and Amicus Opportunity-HHS Rule 1557 Challenge”

**Cause** Public officials went into executive session to discuss topics that were not allowed by statute.

**Effect** Failure to adhere to the statute regarding permissible executive session topics results in noncompliance with State law as well as a lack of transparency.

**Recommendation** We recommend the Board implement controls to ensure compliance with regard to allowable topics for executive session.

**Views of Responsible Officials** The Board along with the Board Attorney have implemented controls to ensure compliance with the statutes regarding executive sessions.

4. Public Officials Should Ensure Compliance with State Law over the Quarterly Appropriation of the Sheriff’s, Tax Assessor’s, and Tax Collector’s Budgets.

**Repeat Finding** No

**Criteria** *Section 19-25-13, Mississippi Code Annotated (1972)*, states, “The board of supervisors shall, at its first meeting of each quarter beginning on October 1, January 1, April 1 and July 1, appropriate a lump sum for the sheriff for the expenses of his office during the current quarter. The quarterly appropriation shall be one-fourth (¼) of the amount approved in the annual budget unless the sheriff requests a different amount. Except in case of emergency, as provided in the county budget law, the appropriation for the quarter beginning in October of the last year of the sheriff’s term shall not exceed one-fourth (¼) of the annual budget.”

*Section 27-1-9(c), Mississippi Code Annotated (1972)*, states, “The board of supervisors shall, at its first meeting of each quarter beginning on October 1, January 1, April 1, and July 1, appropriate a lump sum for the assessor and tax collector for the expenses of his office during the current quarter. The quarterly appropriation shall be one-fourth (¼) of the amount approved in the annual budget unless the assessor and tax collector requests a different amount. Except in case of emergency, as provided in the county budget law, the appropriation for the quarter beginning in October of the last year of the assessor and tax collector’s term shall not exceed one-fourth (¼) of the annual budget.”

**Condition** During the course of the audit, we were unable to obtain evidence that the budgets for the sheriff, tax assessor, and tax collector were appropriated on a quarterly basis.

**Cause** Public officials failed to appropriate the budgets of the sheriff, tax assessor, and tax collector on a quarterly basis and approve the actions on the minutes.

**Effect** Failure to appropriate the budgets of the sheriff, tax assessor, and tax collector results in noncompliance with State law and could result in the loss of misappropriation of public funds.

**Recommendation** The Board of Supervisors should ensure that the budgets for the sheriff, tax assessor, and tax collector are appropriated on a quarterly basis in accordance with State law.

**Views of Responsible**

<b>Officials</b>	We will comply and ensure that the appropriations are made per quarter as stated in the statute.
<b>5.</b>	<u>Public Officials Should Ensure Compliance with State Law over the Publication of the Original Budget for the Fiscal Year.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	<i>Section 19-11-7, Mississippi Code Annotated (1972)</i> , states “(1) The county administrator of each county of the State of Mississippi shall prepare and submit to the board of supervisors....The budget, including the sheriff’s budget, containing such statement of revenues and expenses shall be published at least one (1) time during August or September but not later than September 30 of the year in a newspaper published in the county, or if no newspaper is published therein, then in a newspaper having a general circulation therein.”
<b>Condition</b>	During the course of the audit, we noted that the original budget for the fiscal year was not published in the newspaper.
<b>Cause</b>	Public officials failed to ensure that proper publication was performed within the timeframe prescribed by law.
<b>Effect</b>	Failure to publish the County’s original budget for the fiscal year is not in compliance with State statutes and could diminish fiscal transparency for the County.
<b>Recommendation</b>	The Board of Supervisors should ensure that compliance with publication laws is achieved through proper publication of the original budget in accordance with the timelines established by State law.
<b>Views of Responsible Official(s)</b>	We will comply. This appears to have been an oversight. All budgets going forward have been published.
<b>6.</b>	<u>Public Officials Should Ensure Compliance with State Law over the Hiring of Special Counsel.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	<p><i>Section 19-3-47, Mississippi Code Annotated (1972)</i>, states “(1)(a) The board of supervisors shall have the power, in its discretion, to employ counsel by the year at an annual salary at an amount that it deems proper, not to exceed the maximum annual amount authorized by law for payment to a member of the board.</p> <p>(b) The board of supervisors shall have the power, in its discretion, to employ counsel in all civil cases in which the county is interested, including eminent domain proceedings, the examination and certification of title to property the county is acquiring and in criminal cases against a county officer for malfeasance or dereliction of duty in office, when by the criminal conduct of the officer the county may be liable to be affected pecuniarily, with the counsel to conduct the proceeding instead of the district attorney, or in conjunction with him, and to pay the counsel out of the county treasury or the road fund that may be involved reasonable compensation, or if counsel so employed is retained on an annual basis as provided in this subsection, reasonable additional compensation for his services....</p> <p>(2) The board of supervisors of any county, in addition to the authority conferred upon it in subsection (1) of this section, may employ, in its discretion, a firm of attorneys to represent it as its regular attorneys on the same terms, conditions and compensation as provided for employment of an attorney as its regular attorney. However, there shall not be both an attorney and a firm of attorneys employed at the same time as the regular attorney for the board....”</p> <p><i>Attorney General Opinion 2001 WL 668742</i> states, “While Miss. Code Ann. Sec. 19 - 3 - 47 contemplates hiring of a “regular attorney,” it does not define the term. It is the opinion of this office that the regular board attorney should, at a minimum, attend the regular meetings of the board, advise on all legal matters coming before the board, and, as</p>

requested and directed by the board, review all resolutions and orders of the board before adoption. Generally, the duties of the regular board attorney include all legal services not contemplated by Sec. 19 - 3 - 47 (1)(b) and (c). However, the board of supervisors and the attorney may contract for a lesser or greater amount of services, and for a salary up to the maximum allowed by statute. The board may not hire another attorney or firm to provide the same services that are required of the regular board attorney. See Sec. 19 - 3 - 47 (2)....

The board has the authority to hire additional counsel for specific cases on an hourly basis. Section 19 - 3 - 47 (1)(b) gives the board authority to concurrently employ special counsel to handle other matters including "all civil cases in which the county is interested." MS AG Op., Dulaney (January 23, 1995). It has also been opined that Sec. 19 - 3 - 47 authorizes employment of a regular attorney or firm of attorneys concurrently with the special employment of counsel under Sec. 19 - 3 - 47 (1) (b). However, the statute does not contemplate compensating the specially employed counsel with the same annual salary it provides the regular attorney. Rather, specially employed counsel should be employed on a case-by-case fee or hourly basis which is adjudicated reasonable for the specific services he performs. MS AG Op., Sanders (July 23, 1986)...."

**Condition** During the course of the audit, we noted that the Board of Supervisors appointed Special Counsel with no specification as to the specific cases and matters counsel was to handle. Counsel was compensated at a flat monthly rate and appeared on the Board's letterhead.

**Cause** Public officials failed to ensure compliance with state law regarding the appointment of special counsel.

**Effect** This resulted in noncompliance with state law.

**Recommendation** The Board of Supervisors should ensure compliance with state law by appointing special counsel only for specific, enumerated matters or cases and pay counsel according to a contract on an hourly or fee basis.

**View of Responsible Official(s)** We appreciate the Auditor's diligence in examining the authority under which the Holmes County Board of Supervisors has engaged Special Counsel. After reviewing the finding, we respectfully assert that the conclusion may be based on a misinterpretation of the relevant statutory authority.

The audit finding cites Mississippi Code Section 19-3-47, which indeed governs the appointment of a County Attorney and a Special Counsel. However, Mississippi Code Section 19-3-69 provides the Board of Supervisors with the authority to hire certain professional services, including attorneys, on a year-to-year basis. Section 19-3-69 specifically authorizes Boards of Supervisors to employ professional services beyond those outlined in Section 19-3-47 when it is deemed necessary and in the best interests of the County.

This interpretation aligns with a 1987 Mississippi Attorney General Opinion (1987 WL 121657), which clarifies that Section 19-3-69 does not replace or offer alternative authority for employing counsel in situations explicitly covered by Sections 19-3-47, 19-23-15, or 25-1-47. Further, a 1986 Attorney General Opinion (1986 WL 81994) reinforces that Section 19-3-69 broadens the Board's authority to hire Special Counsel in instances outside the specific cases authorized in Section 19-3-47. In the Attorney General's view, this statute extends the Board's ability to engage Special Counsel and other professionals as necessary to fulfill County responsibilities effectively.

Therefore, based on the statutory language of Section 19-3-69 and supporting Attorney General Opinions, we believe the Holmes County Board of Supervisors acted within its legal authority to retain Special Counsel. Thank you for your attention to this matter and for considering this clarification in assessing the audit findings.

**Auditor's Response** The minutes of the Board of Supervisors did not contain a contract for the hiring of additional legal counsel. Therefore, compensation on an hourly basis is the only legal means to retain additional counsel.

**7.** Controls over classifications should be strengthened

**Repeat Finding** No

**Criteria** Payroll disbursements should be recorded in the proper accounts.

**Condition** During the course of our testing of statutory fees, we noted multiple instances where the general ledger accounts that correspond to the various categories of statutory fees for the circuit clerk appeared to indicate that the clerk had been paid in excess of statutorily allowed amounts.

Upon further analysis, we noted that certain other employees' payroll disbursements were being coded to the incorrect general ledger accounts.

**Cause** Controls over the coding of expenditures are improper.

**Effect** Expenditures were miscoded.

**Recommendation** We recommend controls over the coding of expenditures be strengthened to ensure proper coding and classification.

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

**Payroll Clerk.**

**8.** Employee File Documentation.

**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** During the course of our test work, we noted the following:

- Five (5) instances where the I-9 was incomplete or missing out of the ten (10) files tested

**Cause** The employee files are not being reviewed regularly to identify any files without proper documentation.

**Effect** Failure to properly document approved pay rates could result in the misappropriation of public funds. 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.

**View of Responsible Official(s)** Employee files are currently being reviewed to ensure compliance with the state and federal law.

**Sheriff.**

**9.** The Sheriff Should Ensure Compliance with State Law Regarding the Timely Deposit of Funds.

**Repeat Finding** Yes, 2019-13, 2018-13

**Criteria** *Section 25-1-72, Mississippi Code Annotated (1972)*, states that, "All county officers who receive funds payable into the county treasury shall deposit such funds into the county depository on the day when they are collected or on the next business day thereafter."

**Condition** During the course of our test work, we found that eight (8) of the ten (10) deposits tested were not made in a timely manner with some deposits being held as long as fourteen (14) days prior to being deposited.

<b>Cause</b>	These delays are due to inadequate internal controls surrounding the statutory requirements for depositing of revenue collected in the Sheriff's Office.
<b>Effect</b>	Inadequate controls surrounding the deposits of revenue collections could result in improper revenue recognition and noncompliance with statutory requirements. 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.
<b>Recommendation</b>	The Sheriff should ensure that the deposits are being made in a timely manner as prescribed by statute.
<b>View of Responsible Official(s)</b>	We will continue to ensure that all deposits are being made in a timely matter.
<b>Justice Court Clerk. 10.</b>	<u>Public Officials should Strengthen Internal Controls and Ensure Compliance with State Law over Cash Collections, Receipting, Settlement, Bank Reconciliations, Cash Journal, and Deposits.</u>
<b>Repeat Finding</b>	Yes, 2019-12, 2018-15
<b>Criteria</b>	<p><i>Section 9-11-21, Mississippi Code Annotated (1972)</i>, states, "The clerk of the justice court is required in all cases to give to any person paying him any fees, costs or other money a uniform receipt, the form of which is to be prepared by the attorney general. Such receipt shall contain the particulars of such fees, costs or other money, the amount of such fees, costs or other money and such other information as the attorney general shall deem necessary...."</p> <p><i>Section 9-11-19(1), Mississippi Code Annotated (1972)</i>, states, "It shall be the duty of every clerk of the justice court to receive and account for all fees, costs, fines and penalties charged and collected in the justice court, and, monthly to report in writing under oath, to the clerk of the board of supervisors who shall upon receipt submit such report to the board of supervisors of all such fees, costs, fines and penalties received, including cash bonds and other monies which have been forfeited in criminal cases and at least semiannually any delinquent fines and penalties, giving the date, amount, and names of persons from whom such monies were received, and to pay so much thereof as shall have been received to the clerk of the board of supervisors for deposit into the general fund of the county. Any clerk of the justice court who shall fail to make such report or to pay the money so received shall, in addition to any other fine or punishment provided by law for such conduct, not be entitled to compensation for the period of time during which such report or money is outstanding...."</p> <p><i>Section 7-7-211(j), Mississippi Code Annotated (1972)</i>, states, "In any instances in which the State Auditor is or shall be authorized or required to examine or audit, whether preaudit or postaudit, any books, ledgers, accounts or other records of the affairs of any public hospital owned or owned and operated by one or more political subdivisions or parts thereof or any combination thereof, or any school district, including activity funds thereof, it shall be sufficient compliance therewith, in the discretion of the State Auditor, that such examination or audit be made from the report of any audit or other examination certified by a certified public accountant and prepared by or under the supervision of such certified public accountant...."</p> <p><i>Section 25-1-72, Mississippi Code Annotated (1972)</i>, states, "All county officers who receive funds payable into the county treasury shall deposit such funds into the county depository on the day when they are collected or on the next business day thereafter."</p> <p><i>Section 27-105-371, Mississippi Code Annotated (1972)</i>, states, "All county officials who receive funds under the authority of their office shall deposit such funds into a county depository. Any unidentifiable funds found by the county auditor or the State Auditor in the</p>

county depository shall be settled into the general fund of the county within thirty (30) days of the determination.”

<b>Condition</b>	During the course of our audit, we noted the following: <ul style="list-style-type: none"><li>• Cash journal balances were not carried forward from month to month</li><li>• Bank statements were missing</li><li>• Bank statements were not reconciled monthly</li><li>• Accounts receivable records were not maintained</li><li>• Deposits were missing</li><li>• Daily checkup and sheets and cash journal were missing</li><li>• Criminal and civil receipt books for the period were unable to be located</li><li>• Deposits did not appear to be made daily</li><li>• The cash bond/clearing Account had <b>\$10, 767.01</b> in unidentified funds</li></ul>
<b>Cause</b>	The Justice Court Clerk failed to comply with State laws and regulations. The Clerk’s Office had inadequate internal controls surrounding cash.
<b>Effect</b>	Failure of the Justice Court Clerk to have adequate internal controls resulted in multiple violations of State laws and regulations, which could also result in the misappropriation of public funds.
<b>Recommendation</b>	The Justice Court Clerk should establish internal controls surrounding cash management to ensure compliance with State law.
<b>Views of Responsible Official(s)</b>	The Justice Court Clerk was terminated on March 20, 2020, and a new clerk was hired. The Board contracted with a consultant to train the new clerk.
<b>11.</b>	<u>The Justice Court Clerk should strengthen internal controls over bank reconciliations of the Justice Court Criminal, Civil, and Clearing accounts.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	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.
<b>Condition</b>	During the course of our audit, we noted that the Justice Court Clerk had not performed bank reconciliations, so a listing of outstanding transactions was not available for consideration.  Further, during our cash count, we noted an unexplained overage of <b>\$21,230.91</b> .
<b>Cause</b>	The system of internal control failed to ensure that a timely and accurate bank reconciliation was performed for the Justice Court accounts.
<b>Effect</b>	Failure to complete accurate and timely bank reconciliations results in a weakness in the system of internal control over cash.
<b>Recommendation</b>	The Clerk should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared timely and accurately and that any unidentified discrepancies are resolved appropriately.
<b>Views of Responsible Official(s)</b>	The Justice Court Clerk was terminated on March 20, 2020, and a new clerk was hired. The Board contracted with a consultant to train the new clerk.
<b>Chancery Clerk.</b>	
<b>12.</b>	<u>Public Officials should strengthen internal controls over bank reconciliations of the Land Redemption account.</u>
<b>Repeat Finding</b>	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 audit, we noted that the Chancery Clerk had not performed proper bank reconciliations, so a listing of outstanding transactions was not available for consideration.

During the course of our cash count, we noted an unidentified overage of **\$13,960.18**.

**Cause** The system of internal control failed to ensure that a timely and accurate bank reconciliation was performed for the land redemption account.

**Effect** Failure to complete an accurate and timely bank reconciliation 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 bank reconciliations are prepared timely and accurately.

**Views of Responsible Official(s)** The Clerk is working on reconciliation for all bank accounts and will send all reports to you within the next couple of weeks.

**13.** The Chancery Clerk Should Ensure Compliance with State Law over Maintaining a Fee Journal.

**Repeat Finding** No

**Criteria** *Section 9-1-43(1), Mississippi Code Annotated (1972)*, further states, “(1) After making deductions for employer contributions paid by the chancery or circuit clerk to the Public Employees’ Retirement System under *Sections 25-11-106.1 and 25-11-123(f)(4)*, employee salaries and related salary expenses, and expenses allowed as deductions by Schedule C of the Internal Revenue Code, no office of the chancery clerk or circuit clerk of any county in the state shall receive fees as compensation for the chancery clerk’s or circuit clerk’s services in excess of Ninety-four Thousand Five Hundred Dollars (\$94,500.00).”

*Section 9-1-43(3), Mississippi Code Annotated (1972)*, states, “The chancery clerk and the circuit clerk shall be liable on their official bond for the proper deposit and accounting of all monies received by his office. The State Auditor shall promulgate uniform accounting methods for the accounting of all sources of income by the offices of the chancery and circuit Clerk.”

**Condition** We were unable to tie out certain amounts of revenues reported on the Annual Financial Report.

**Cause** The Clerk did not properly maintain a fee journal during the year, and certain receipts and expenses were not properly recorded to match the balances reported on the Annual Financial Report.

**Effect** Failure to maintain an accurate fee journal could result in the loss or misappropriation of public funds.

**Recommendation** The Clerk should maintain an accurate and complete accounting system that encompasses all revenue and expenses.

**Views of Responsible Official(s)** The Clerk is working on keeping accurate records and maintaining better records.

**Circuit Clerk.**  
**14.** Public Officials should Ensure Compliance with State Law over Maintaining a Fee Journal.

**Repeat Finding** Yes, 2019-7, 2018-19

<b>Criteria</b>	<i>Section 9-1-43(3), Mississippi Code Annotated (1972), states, "The Circuit Clerk shall be liable on their official bond for the proper deposit and accounting of all monies received by his office. The State Auditor shall promulgate uniform accounting methods for the accounting of all sources of income by the offices of the Chancery and Circuit Clerk."</i>
<b>Condition</b>	<p>The Circuit Clerk did not properly maintain the fee journal to account for all monies received and expended during the year. We were unable to tie out all amounts of revenue and expenses reported on the Annual Financial Report.</p> <p>Auditors also noted that the following amounts were not properly included in the fee journal and thus not properly included on the Annual Financial Report:</p> <ul style="list-style-type: none"> <li>• For Attending Court <b>(\$3,300)</b></li> </ul>
<b>Cause</b>	The Clerk did not properly maintain a fee journal during the year that was reconciled to the fee account, and all receipts and expenses were not properly recorded to match the balances reported on the Annual Financial Report.
<b>Effect</b>	Failure to maintain an accurate fee journal could result in the loss or misappropriation of public funds.
<b>Recommendation</b>	The Circuit Clerk should maintain an accurate and complete accounting system that encompasses all income and expenses.
<b>Views of Responsible Official(s)</b>	I agree. I showed \$12,320 for attending court. It should have been an additional \$3,000 for a total of \$15,320. It was a mathematical error. I will comply.
<b>15.</b>	<u>Public Officials Should Strengthen Internal Controls over Deposits, Settlements, and Receipts.</u>
<b>Repeat Finding</b>	Yes, 2019-8, 2018-22
<b>Criteria</b>	An effective system of internal controls requires that bank deposits and settlements be made timely.
<b>Condition</b>	<p>During the course of our test work, auditors noted the following:</p> <ul style="list-style-type: none"> <li>• Sixteen (16) of the twenty (20) items tested were not deposited timely with some deposits being held for over two weeks from the date of receipt</li> <li>• Eight (8) of the twenty (20) items tested were not timely settled to the appropriate parties</li> <li>• Auditors were unable to properly trace receipts to the cash journals</li> </ul>
<b>Cause</b>	The Circuit Clerk has not established a system of internal control to ensure deposits and settlements are made timely and that all receipts are properly recorded on the cash journals.
<b>Effect</b>	Failure to record all receipts and to make timely deposits and settlements could result in the loss or misappropriation of public funds.
<b>Recommendation</b>	The Circuit Clerk should implement an effective internal control system to ensure that all receipts are properly recorded and that all deposits and settlements are made in a timely manner.
<b>Views of Responsible Official(s)</b>	I agree. In the Circuit Clerk's Office, when we are in 5 election cycles, it is hard to meet all requirements and keep the elections in compliance. In addition, in the past I have made duplicate settlements to law firms, and they called back to inform me that they had already

received funds for their accounts and returned the 2<sup>nd</sup> check. So, I try to disperse funds when I can sit down and double check myself with an employee to prevent duplicate settlements. I am thankful the law firms returned the 2<sup>nd</sup> check. I will comply.

#### **Tax Assessor-Collector.**

**16.** Public Officials should ensure compliance with statutorily established compensation requirements.

**Repeat Finding** No

**Criteria** *Section 25-3-3 of the Mississippi Code Annotated (1972) states that “[Effective from and after January 1, 2020, this section will read as follows:]*

*(2) The salary of assessors and collectors of the various counties is fixed as full compensation for their services as county assessors or tax collectors, or both if the office of assessor has been combined with the office of tax collector. The annual salary of each assessor or tax collector, or both if the offices have been combined, shall be based upon the total assessed valuation of his respective county for the preceding taxable year in the following categories and for the following amounts:*

*(g) For counties having a total assessed valuation of at least Seventy-five Million Dollars (\$75,000,000.00) but less than One Hundred Fifty Million Dollars (\$150,000,000.00), a salary of Fifty-five Thousand One Hundred Twenty-five Dollars (\$55,125.00)....” [Note: This statute took effect part way through the fiscal year. As such, the amounts paid should have been pro-rated between the allowed amount of \$52,500 in FY 2019 and the \$55,125 in FY 2020 for total allowed of \$54,468.75.]*

*(3) In addition to all other compensation paid pursuant to this section, the board of supervisors shall pay to a person serving as both the tax assessor and tax collector in their county an additional Five Thousand Dollars (\$5,000.00) per year....*

*Section 25-3-3 of the Mississippi Code Annotated (1972) states that “(6) In addition to all other compensation paid to assessors and tax collectors, the board of supervisors of a county shall allow for such assessor or tax collector, or both, to be paid additional compensation when there is a contract between the county and one or more municipalities providing that the assessor or tax collector, or both, shall assess or collect taxes, or both, for the municipality or municipalities; and such assessor or tax collector, or both, shall be authorized to receive such additional compensation from the county and/or the municipality or municipalities in any amount allowed by the county and/or the municipality or municipalities for performing those services.”*

**Condition** During the course of our audit, we noted that the Tax Assessor-Collector was paid in excess of statutory limits by **\$875.07**.

Auditors also noted that for the months of January and February, the amounts paid increased by different amounts each month without explanation.

**Cause** The Tax Assessor-Collector was paid in excess of statutory limitations.

**Effect** Failure to ensure that statutory payments received for services are properly calculated could result in an elected official being paid in excess of the limitations.

**Recommendation** The Tax Assessor-Collector should review all payments received to ensure that the calculation is proper and that it is in compliance with state law.

Further, the Tax Assessor-Collector should repay any amount paid in excess of statute.

#### **Views of Responsible Official(s)**

My response on the finding about the over payment, is that it was an error done by Holmes County Administrative Office. It was not an error on my behalf. I do not assert this. I do not know. Sense my name was on the check per auditors, I agree to make payments on the over payment.

<b>17.</b>	<u>The Tax Assessor-Collector should ensure that assets are sufficient to settle all liabilities.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	An effective system of accounting should ensure that all reported account balances are properly stated, and sufficient assets are available to extinguish all liabilities.
<b>Condition</b>	During the course of our cash count and related reconciliation, we found that the Tax Assessor-Collector had insufficient funds available on the date of the cash count to settle all outstanding liabilities.
<b>Cause</b>	The Tax Assessor-Collector has not established adequate controls over collections to ensure taxes collected, deposited, and recorded are properly accounted for and available to settle amounts due to the appropriate entities.
<b>Effect</b>	Inadequate controls over collections and the subsequent settlements could result in a shortage of funds available for the settlement of liabilities.
<b>Recommendation</b>	The Tax Assessor-Collector should ensure controls over tax collections are properly designed and implemented to assure adequate monies are available for the settlement of amounts due to the appropriate entities.
<b>Views of Responsible Official(s)</b>	We will review with auditors.

Holmes 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, MS

March 25, 2025

HOLMES COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

HOLMES COUNTY

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

Section 1: Summary of Auditor's Results

**Financial Statements:**

- |   |               |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements: | Unmodified    |
| 2. Internal control over financial reporting:                   |               |
| a. Material weakness(es) identified?                            | No            |
| b. Significant deficiency(ies) identified?                      | None reported |
| 3. Noncompliance material to the financial statements noted?    | No            |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.