



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.



**NOXUBEE COUNTY, MISSISSIPPI**

**AUDITED PRIMARY GOVERNMENT  
FINANCIAL STATEMENTS AND  
SPECIAL REPORTS**

**For the Year Ended September 30, 2006**

NOXUBEE COUNTY, MISSISSIPPI

CONTENTS

|   | Page  |
|---|-------|
| FINANCIAL AUDIT REPORT  |       |
| INDEPENDENT AUDITORS' REPORT ON THE PRIMARY GOVERNMENT<br>BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION   | 1&2   |
| FINANCIAL STATEMENTS  |       |
| Statement of Net Assets   | 3     |
| Statement of Activities   | 4     |
| Balance Sheet – Governmental Funds  | 5     |
| Reconciliation of Governmental Funds Balance Sheet to<br>the Statement of Net Assets  | 6     |
| Statement of Revenues, Expenditures, and Changes in Fund Balances –<br>Governmental Funds   | 7     |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund<br>Balances of Governmental Funds to the Statement of Activities  | 8     |
| Statement of Fiduciary Assets and Liabilities   | 9     |
| Notes to financial statements   | 10-27 |
| SUPPLEMENTAL INFORMATION  |       |
| SCHEDULE 1 – BUDGETARY COMPARISON   |       |
| Budgetary Comparison Schedule for the General Fund  | 28    |
| Budgetary Comparison Schedule for the Solid Waste Fund  | 29    |
| Budgetary Comparison Schedule for the Wildlife Refuge Fund  | 30    |
| Notes to the required supplemental information  | 31&32 |
| SCHEDULE 2 – RECONCILIATION OF OPERATING COST OF SOLID WASTE  | 33    |
| INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL<br>REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN<br>AUDIT OF THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS PERFORMED<br>IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> | 34&35 |
| INDEPENDENT AUDITORS' REPORT ON CENTRAL PURCHASING SYSTEM,<br>INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES<br>[REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972)]   | 36-38 |
| SCHEDULE OF PURCHASES NOT MADE FROM THE LOWEST BIDDER   | 39    |
| SCHEDULE OF EMERGENCY PURCHASES   | 40    |
| SCHEDULE OF PURCHASES MADE NONCOMPETITELY FROM A SOLE SOURCE  | 41    |
| SCHEDULE OF FINDINGS  | 42-43 |

**NOXUBEE COUNTY, MISSISSIPPI**

**FINANCIAL AUDIT REPORT**

For the Year Ended September 30, 2006



**REA, SHAW, GIFFIN & STUART, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER  
AMERICAN INSTITUTE  
OF  
CERTIFIED PUBLIC  
ACCOUNTANTS

POST OFFICE BOX 2090  
MERIDIAN, MS 39302  
TELEPHONE 601-693-2841  
FAX 601-693-2851

POST OFFICE BOX 562  
WAYNESBORO, MS 39367  
TELEPHONE 601-735-2317  
FAX 601-735-0585

MEMBER  
MISSISSIPPI SOCIETY  
OF  
CERTIFIED PUBLIC  
ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON THE PRIMARY GOVERNMENT  
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

**MEMBERS OF THE BOARD OF SUPERVISORS  
NOXUBEE COUNTY, MISSISSIPPI**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Noxubee County, Mississippi, as of and for the year ended September 30, 2006, which collectively comprise the county's primary government financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements referred to above include only the primary government of Noxubee County, Mississippi, which consists of all funds, organizations, institutions, agencies, departments and offices that comprise the county's legal entity. The financial statements do not include financial data for the county's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the county's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of Noxubee County, Mississippi, as of September 30, 2006, and the respective changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information for the primary government of Noxubee County, Mississippi, as of September 30, 2006, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2007, on our consideration of Noxubee County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Noxubee County, Mississippi, has not presented the Management's Discussion and Analysis that is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

The Budgetary Comparison Schedule and corresponding notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the primary government financial statements that collectively comprise Noxubee County, Mississippi's basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Rea, Shaw, Giffin & Stuart*

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi  
November 8, 2007

NOXUBEE COUNTY, MISSISSIPPI  
PRIMARY GOVERNMENT FINANCIAL STATEMENTS

**NOXUBEE COUNTY**

**Exhibit 1**

**STATEMENT OF NET ASSETS**

September 30, 2006

**ASSETS**

|  |                      |
|--|----------------------|
| Cash   | \$ 3,432,395         |
| Property tax receivable  | 4,029,868            |
| Accounts receivable, net of allowance<br>for uncollectibles of \$834,654 | 129,538              |
| Fines receivable, net of allowance<br>for uncollectibles of \$670,843    | 79,623               |
| Loan receivable  | 715,654              |
| Intergovernmental receivables  | 39,187               |
| Capital assets, net  | <u>12,957,568</u>    |
| Total assets   | <u>\$ 21,383,833</u> |

**LIABILITIES**

|                            |                     |
|----------------------------|---------------------|
| Claims payable             | \$ 108,278          |
| Intergovernmental payables | 100,232             |
| Deferred revenue           | 5,112,322           |
| Long-term liabilities      |                     |
| Due within one year:       |                     |
| Capital related debt       | 194,482             |
| Non-capital debt           | 108,720             |
| Due in more than one year: |                     |
| Capital related debt       | 501,611             |
| Non-capital debt           | <u>1,043,498</u>    |
| Total liabilities          | <u>\$ 7,169,143</u> |

**NET ASSETS**

|   |                      |
|---|----------------------|
| Invested in capital assets, net of related debt | \$ 12,261,475        |
| Restricted for:                                 |                      |
| Public works                                    | 945,651              |
| Economic development                            | 787,139              |
| Unemployment compensation                       | 19,613               |
| Culture and recreation                          | 28,643               |
| Other purposes                                  | 23,321               |
| Unrestricted                                    | <u>148,848</u>       |
| Total Net Assets                                | <u>\$ 14,214,690</u> |

The Notes to Financial Statements are an integral part of this statement.

**NOXUBEE COUNTY**

**Exhibit 2**

**STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2006

| Functions/Programs   | Expenses            | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Assets |
|--|---------------------|----------------------|------------------------------------|----------------------------------|---|
|  |                     | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |   |
| Primary government:  |                     |                      |                                    |                                  |   |
| Governmental activities:                                     |                     |                      |                                    |                                  |   |
| General government   | \$ 2,029,469        | \$ 196,736           | \$ 14,528                          | \$ -                             | \$ (1,818,205)                                  |
| Public safety  | 1,093,924           | 154,855              | 96,728                             | -                                | (842,341)                                       |
| Public works   | 2,438,764           | 545,543              | 730,405                            | 26,175                           | (1,136,641)                                     |
| Health and welfare   | 176,413             | -                    | 79,860                             | -                                | (96,553)  |
| Culture and recreation                                       | 62,479              | -                    | -                                  | -                                | (62,479)  |
| Education  | 351,696             | -                    | -                                  | -                                | (351,696)                                       |
| Conser. of natural resources                                 | 116,728             | -                    | -                                  | -                                | (116,728)                                       |
| Economic development   | 144,709             | -                    | 37,707                             | 21,906                           | (85,096)  |
| Interest on long-term debt                                   | 85,625              | -                    | -                                  | -                                | (85,625)  |
| Total governmental activities                                | <u>\$ 6,499,807</u> | <u>\$ 897,134</u>    | <u>\$ 959,228</u>                  | <u>\$ 48,081</u>                 | <u>\$ (4,595,364)</u>                           |
| General revenues:  |                     |                      |                                    |                                  |   |
| Taxes:   |                     |                      |                                    |                                  |   |
| Property taxes   |                     |                      |                                    | \$ 4,088,694                     |   |
| Road & bridge privilege taxes                                |                     |                      |                                    | 115,380                          |   |
| Grants and contributions not restricted to specific programs |                     |                      |                                    | 362,956                          |   |
| Unrestricted investment income                               |                     |                      |                                    | 108,727                          |   |
| Miscellaneous  |                     |                      |                                    | 52,896                           |   |
| Insurance loss recovery                                      |                     |                      |                                    | 90,024                           |   |
| Gain on sale of capital assets                               |                     |                      |                                    | 83,942                           |   |
| Total general revenues                                       |                     |                      |                                    | <u>\$ 4,902,619</u>              |   |
| Change in net assets   |                     |                      |                                    |                                  | <u>\$ 307,255</u>                               |
| Net Assets - Beginning                                       |                     |                      |                                    | \$ 14,099,874                    |   |
| Prior period adjustment                                      |                     |                      |                                    | (192,439)                        |   |
| Net Assets - Beginning, as restated                          |                     |                      |                                    | <u>\$ 13,907,435</u>             |   |
| Net Assets - Ending  |                     |                      |                                    |                                  | <u>\$ 14,214,690</u>                            |

The Notes to Financial Statements are an integral part of this statement.

**NOXUBEE COUNTY**

**Exhibit 3**

**BALANCE SHEET – GOVERNMENTAL FUNDS**  
September 30, 2006

|  | Major Funds         |                        |                            |                                | Total<br>Governmental<br>Funds |
|--|---------------------|------------------------|----------------------------|--------------------------------|--------------------------------|
|  | General<br>Fund     | Solid<br>Waste<br>Fund | Wildlife<br>Refuge<br>Fund | Other<br>Governmental<br>Funds |                                |
| <b>ASSETS</b>                          |                     |                        |                            |                                |                                |
| Cash                                   | \$ 1,126,044        | \$ 92,072              | \$ 1,082,454               | \$ 1,131,825                   | \$ 3,432,395                   |
| Property tax receivable                | 2,852,055           | 126,690                | -                          | 1,051,123                      | 4,029,868                      |
| Accounts receivable, net               | 129,538             | -                      | -                          | -                              | 129,538                        |
| Fines receivable, net                  | 79,623              | -                      | -                          | -                              | 79,623                         |
| Loan receivable                        | -                   | -                      | -                          | 715,654                        | 715,654                        |
| Intergovernmental receivables          | 39,187              | -                      | -                          | -                              | 39,187                         |
| Due from other funds                   | 95,302              | 2,623                  | -                          | 26,660                         | 124,585                        |
| Total assets                           | <u>\$ 4,321,749</u> | <u>\$ 221,385</u>      | <u>\$ 1,082,454</u>        | <u>\$ 2,925,262</u>            | <u>\$ 8,550,850</u>            |
| <b>LIABILITIES &amp; FUND BALANCES</b> |                     |                        |                            |                                |                                |
| Liabilities:                           |                     |                        |                            |                                |                                |
| Claims payable                         | \$ 39,113           | \$ 27,728              | \$ -                       | \$ 41,437                      | \$ 108,278                     |
| Intergovernmental payables             | 91,387              | -                      | -                          | -                              | 91,387                         |
| Due to other funds                     | 38,128              | -                      | -                          | 95,302                         | 133,430                        |
| Deferred revenue                       | 3,061,216           | 126,690                | 1,082,454                  | 1,051,123                      | 5,321,483                      |
| Total liabilities                      | <u>\$ 3,229,844</u> | <u>\$ 154,418</u>      | <u>\$ 1,082,454</u>        | <u>\$ 1,187,862</u>            | <u>\$ 5,654,578</u>            |
| Fund balances:                         |                     |                        |                            |                                |                                |
| Reserved for:                          |                     |                        |                            |                                |                                |
| Loan receivable                        | \$ -                | \$ -                   | \$ -                       | \$ 715,654                     | \$ 715,654                     |
| Unemployment                           | -                   | -                      | -                          | 19,613                         | 19,613                         |
| Unreserved, reported in:               |                     |                        |                            |                                |                                |
| General fund                           | 1,091,905           | -                      | -                          | -                              | 1,091,905                      |
| Special revenue funds                  | -                   | 66,967                 | -                          | 996,204                        | 1,063,171                      |
| Capital project funds                  | -                   | -                      | -                          | 5,929                          | 5,929                          |
| Total fund balances                    | <u>\$ 1,091,905</u> | <u>\$ 66,967</u>       | <u>\$ -</u>                | <u>\$ 1,737,400</u>            | <u>\$ 2,896,272</u>            |
| Total liabilities & fund balances      | <u>\$ 4,321,749</u> | <u>\$ 221,385</u>      | <u>\$ 1,082,454</u>        | <u>\$ 2,925,262</u>            | <u>\$ 8,550,850</u>            |

The Notes to Financial Statements are an integral part of this statement.

NOXUBEE COUNTY

Exhibit 3.1

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS**

September 30, 2006

|   |                       |
|---|-----------------------|
| Total fund balance - governmental funds   | \$ 2,896,272          |
| Amounts reported for governmental services<br>in the statement of net assets (Exhibit 1) are different because:   |                       |
| Capital assets used in governmental activities are not financial<br>resources and, therefore, are not reported in the funds (Note 8):                   |                       |
| Capital assets net of depreciation as of 10/1/05  | \$ 13,402,586         |
| Plus capital outlay expenditures made during year   | 507,558               |
| Less depreciation expense recorded during year  | (596,867)             |
| Less net book value of capital assets sold during year  | (31,083)              |
| Less adjustments for amounts under threshold  | <u>(324,626)</u>      |
|   | \$ 12,957,568         |
| Accounts receivable that have accrued at year end but are not available<br>to liquidate liabilities of the current period are not reported in the funds | \$ 129,538            |
| Fines receivable that have accrued at year end but are not available<br>to liquidate liabilities of the current period are not reported in the funds    | \$ 79,623             |
| Long-term liabilities are not due and payable in the current period<br>and, therefore, are not reported in the funds:                                   |                       |
| Long-term liabilities (Note 11)   | <u>\$ (1,848,311)</u> |
| Total net assets - governmental activities  | <u>\$ 14,214,690</u>  |

The Notes to Financial Statements are an integral part of this statement.

**NOXUBEE COUNTY**

**Exhibit 4**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2006

|   | <u>Major Funds</u>      |                                 |                                     |   | <u>Total<br/>Governmental<br/>Funds</u> |
|---|-------------------------|---------------------------------|-------------------------------------|---|---|
|   | <u>General<br/>Fund</u> | <u>Solid<br/>Waste<br/>Fund</u> | <u>Wildlife<br/>Refuge<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> |   |
| <b>REVENUES</b>                               |                         |                                 |                                     |   |   |
| Property taxes                                | \$ 3,053,282            | \$ 123,636                      | \$ -                                | \$ 911,776                              | \$ 4,088,694                            |
| Road and bridge privilege taxes               | -                       | -                               | -                                   | 115,380                                 | 115,380                                 |
| Licenses, commissions and other revenue       | 122,844                 | -                               | -                                   | 3,800                                   | 126,644                                 |
| Fines and forfeitures                         | 100,461                 | -                               | -                                   | -                                       | 100,461                                 |
| Intergovernmental revenues                    | 383,363                 | 4,414                           | 29,846                              | 1,083,317                               | 1,500,940                               |
| Charges for services                          | 124,486                 | 545,543                         | -                                   | -                                       | 670,029                                 |
| Interest income                               | 80,353                  | 3,971                           | -                                   | 24,403                                  | 108,727                                 |
| Miscellaneous revenues                        | 48,365                  | 6,194                           | -                                   | -                                       | 54,559                                  |
| <b>Total Revenues</b>                         | <b>\$ 3,913,154</b>     | <b>\$ 683,758</b>               | <b>\$ 29,846</b>                    | <b>\$ 2,138,676</b>                     | <b>\$ 6,765,434</b>                     |
| <b>EXPENDITURES</b>                           |                         |                                 |                                     |   |   |
| Current:                                      |                         |                                 |                                     |   |   |
| General government                            | \$ 1,957,625            | \$ -                            | \$ -                                | \$ 120,280                              | \$ 2,077,905                            |
| Public safety                                 | 943,484                 | -                               | -                                   | 183,824                                 | 1,127,308                               |
| Public works                                  | 3,224                   | 826,161                         | 29,846                              | 1,403,328                               | 2,262,559                               |
| Health and welfare                            | 176,413                 | -                               | -                                   | -                                       | 176,413                                 |
| Culture and recreation                        | 53,864                  | -                               | -                                   | 8,615                                   | 62,479                                  |
| Education                                     | 10,952                  | -                               | -                                   | 340,744                                 | 351,696                                 |
| Conservation of natural resources             | 116,728                 | -                               | -                                   | -                                       | 116,728                                 |
| Economic development and assistance           | 72,974                  | -                               | -                                   | 71,735                                  | 144,709                                 |
| Debt service:                                 |                         |                                 |                                     |   |   |
| Principal                                     | 541,633                 | 24,323                          | -                                   | 173,449                                 | 739,405                                 |
| Interest                                      | 37,761                  | 4,886                           | -                                   | 42,978                                  | 85,625                                  |
| <b>Total Expenditures</b>                     | <b>\$ 3,914,658</b>     | <b>\$ 855,370</b>               | <b>\$ 29,846</b>                    | <b>\$ 2,344,953</b>                     | <b>\$ 7,144,827</b>                     |
| <b>Excess of Expenditures over Revenues</b>   | <b>\$ (1,504)</b>       | <b>\$ (171,612)</b>             | <b>\$ -</b>                         | <b>\$ (206,277)</b>                     | <b>\$ (379,393)</b>                     |
| <b>OTHER FINANCING SOURCES (USES)</b>         |                         |                                 |                                     |   |   |
| Long-term capital debt issued                 | \$ 17,359               | \$ 158,911                      | \$ -                                | \$ -                                    | \$ 176,270                              |
| Long-term non-capital debt issued             | -                       | -                               | -                                   | 40,000                                  | 40,000                                  |
| Proceeds from other debt                      | 400,000                 | -                               | -                                   | -                                       | 400,000                                 |
| Proceeds from sale of capital assets          | 855                     | -                               | -                                   | 114,170                                 | 115,025                                 |
| Insurance loss recovery                       | -                       | -                               | -                                   | 90,024                                  | 90,024                                  |
| Transfers in                                  | 392                     | -                               | -                                   | 106,830                                 | 107,222                                 |
| Transfers out                                 | (106,830)               | -                               | -                                   | (392)                                   | (107,222)                               |
| <b>Total Other Financing Sources and Uses</b> | <b>\$ 311,776</b>       | <b>\$ 158,911</b>               | <b>\$ -</b>                         | <b>\$ 350,632</b>                       | <b>\$ 821,319</b>                       |
| <b>Net Changes in Fund Balances</b>           | <b>\$ 310,272</b>       | <b>\$ (12,701)</b>              | <b>\$ -</b>                         | <b>\$ 144,355</b>                       | <b>\$ 441,926</b>                       |
| <b>Fund Balances - Beginning</b>              | <b>\$ 781,633</b>       | <b>\$ 79,668</b>                | <b>\$ -</b>                         | <b>\$ 1,593,045</b>                     | <b>\$ 2,454,346</b>                     |
| <b>Fund Balances - Ending</b>                 | <b>\$ 1,091,905</b>     | <b>\$ 66,967</b>                | <b>\$ -</b>                         | <b>\$ 1,737,400</b>                     | <b>\$ 2,896,272</b>                     |

The Notes to Financial Statements are an integral part of this statement.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2006

|  |                   |
|--|-------------------|
| Net changes in fund balances - governmental funds (Exhibit 4)  | \$ 441,926        |
| Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:   |                   |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that depreciation (\$596,867) exceeded capital outlays (\$375,220) in the current period.  | (221,647)         |
| In the statement of activities, only gains and losses from the sale of capital assets are reported, whereas in the governmental funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount that proceeds from the sale (\$115,025) exceeded the gain (\$83,942) in the current period.  | (31,083)          |
| Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt repayments (\$739,405) exceeded debt proceeds (\$616,270).                            | 123,135           |
| Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. Thus, the change in net assets differs from the change in fund balances by the increase in compensated absences. | <u>(5,076)</u>    |
| Change in net assets of governmental activities (Exhibit 2)  | <u>\$ 307,255</u> |

The Notes to Financial Statements are an integral part of this statement.

**NOXUBEE COUNTY**

**Exhibit 8**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
September 30, 2006

|                            | <u>Agency<br/>Funds</u> |
|----------------------------|-------------------------|
| <b>ASSETS</b>              |                         |
| Cash                       | \$ 130,130              |
| Due from other funds       | <u>8,845</u>            |
| Total assets               | <u>\$ 138,975</u>       |
| <b>LIABILITIES</b>         |                         |
| Accrued liabilities        | \$ 32,968               |
| Intergovernmental payables | <u>106,007</u>          |
| Total liabilities          | <u>\$ 138,975</u>       |

The Notes to Financial Statements are an integral part of this statement.

## NOXUBEE COUNTY

### NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2006

#### Note 1. Significant Accounting Policies

##### A. Financial Reporting Entity

Noxubee County is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Noxubee County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component units, which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of all of the County's component units necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

- Noxubee County Library
- Noxubee County General Hospital
- Noxubee County Economic Development District

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

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

##### B. Basis of Presentation

The county's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities and fund financial statements, which provide a detailed level of financial information.

## NOXUBEE COUNTY

### NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2006

#### Note 1. Significant Accounting Policies (continued)

##### Government-wide Financial Statements

The Statement of Net Assets and Statement of Activities 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 revenues and other nonexchange revenues.

The Statement of Net Assets presents the financial condition of the governmental activities of the county at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the county's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues 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 revenues not classified as program revenues are presented as general revenues of the county, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the county.

##### Fund Financial Statements

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

##### C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government

## NOXUBEE COUNTY

### NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2006

#### Note 1. Significant Accounting Policies (continued)

##### C. Measurement Focus and Basis of Accounting (continued)

recognizes the liability to the county. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within sixty days after year-end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The county reports the following major governmental funds:

General Fund – This fund is used to account for all activities of the general government for which a separate fund has not been established.

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

Wildlife Refuge Fund – Accounts for federal grant monies awarded to fund construction work on roads and bridges in the Noxubee Wildlife Refuge.

Additionally, the county reports the following fund types:

##### Governmental Fund Types

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

## NOXUBEE COUNTY

### NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2006

#### Note 1. Significant Accounting Policies (continued)

##### Governmental Fund Types (continued)

Debt Service Funds – These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Funds – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bond issues and federal grants.

##### Fiduciary Fund Types

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

##### D. Account Classifications

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2005 by the Government Finance Officers Association.

##### E. Deposits and Investments

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

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (with maturities generally less than three months). However, the county did not invest in any governmental securities during the fiscal year.

## NOXUBEE COUNTY

### NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2006

#### Note 1. Significant Accounting Policies (continued)

##### F. Receivables

Receivables are reported net of allowances for uncollectible accounts, where applicable.

##### G. Interfund Transactions and Balances

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

##### H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items, such as prepaid insurance, are not reported for governmental fund types since the costs of such items are accounted for as expenditures in the period of acquisition.

##### I. Capital Assets

Capital acquisition and construction are reflected as expenditures in governmental fund statements and the related assets are reported as capital assets in the applicable governmental activities column in the government-wide financial statement. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

NOXUBEE COUNTY

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2006

Note 1. Significant Accounting Policies (continued)

I. Capital Assets (continued)

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

|                                      | <u>Capitalization<br/>Thresholds</u> | <u>Estimated<br/>Useful Life</u> |
|--------------------------------------|--------------------------------------|----------------------------------|
| Land                                 | \$ -                                 | N/A                              |
| Infrastructure                       | -                                    | 20-50 years                      |
| Buildings                            | 50,000                               | 40 years                         |
| Improvements other than buildings    | 25,000                               | 20 years                         |
| Mobile equipment                     | 5,000                                | 5-10 years                       |
| Furniture and equipment              | 5,000                                | 3-7 years                        |
| Leased property under capital leases | *                                    | *                                |

\* Leased property capitalization policy will correspond with the amounts for the asset classification, as listed above.

J. Long-term Liabilities

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Assets.

## NOXUBEE COUNTY

### NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2006

#### Note 1. Significant Accounting Policies (continued)

##### K. Equity Classifications

###### Government-wide Financial Statements

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

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

Unrestricted net assets – All other net assets not meeting the definition of “restricted” or “invested in capital assets, net of related debt.”

###### Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is classified as reserved or unreserved with unreserved classified as designated and undesignated.

Unreserved fund balance represents the amount available for budgeting future operations. Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

##### L. Property Tax Revenues

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.

## NOXUBEE COUNTY

### NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2006

#### Note 1. Significant Accounting Policies (continued)

##### L. Property Tax Revenues (continued)

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.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

##### M. Intergovernmental Revenues in Governmental Funds

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

##### N. Compensated Absences

The county has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

**NOXUBEE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2006

**Note 3. Prior Period Adjustment**

A summary of the significant fund equity adjustment on Exhibit 2 – Statement of Activities is as follows:

| <u>Explanation</u>  | <u>Amount</u>       |
|---|---------------------|
| During the fiscal year ended September 30, 2006, the County made certain adjustments to fixed assets that affected prior period balances. | \$ (192,439)        |
| Total prior period adjustment   | <u>\$ (192,439)</u> |

**Note 4. Deposits**

The carrying amount of the county's total deposits with financial institutions at September 30, 2006, was \$3,562,525, and the bank balance was \$3,651,295. The collateral for public entities' deposits in financial institutions are 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 Depository Insurance Corporation.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. 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.

**NOXUBEE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2006

**Note 5. Interfund Transactions and Balances**

The following is a summary of interfund balances at September 30, 2006:

Due From/To Other Funds

| Receivable Fund          | Payable Fund             | Amount     |
|--------------------------|--------------------------|------------|
| General Fund             | Other Governmental Funds | \$ 95,302  |
| Other Governmental Funds | General fund             | 26,660     |
| Solid Waste Fund         | General fund             | 2,623      |
| Agency fund              | General fund             | 8,845      |
| Total                    |                          | \$ 133,430 |

The receivables represent the tax revenue collected but not settled until October 2006. Also, the amount payable to agency fund includes money borrowed by the general fund during the year which is expected to be repaid within one year.

Transfers In/Out

| Transfer In              | Transfer Out             | Amount     |
|--------------------------|--------------------------|------------|
| Other Governmental Funds | General Fund             | \$ 106,830 |
| General Fund             | Other Governmental Funds | 392        |
| Total                    |                          | \$ 107,222 |

The principal purpose of interfund transfers was to provide funds for grant matches and to provide funds for capital outlay.

**Note 6. Intergovernmental Receivables**

Intergovernmental receivables at September 30, 2006 consisted of the following:

Governmental Activities

|                        |           |
|------------------------|-----------|
| Legislative tax credit | \$ 39,187 |
|------------------------|-----------|

**NOXUBEE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2006

**Note 7. Loan Receivable**

Loan receivable at September 30, 2006 consists of the following:

| Description                      | Date of<br>Loan | Interest<br>Rate | Maturity<br>Date | Balance<br>Receivable |
|----------------------------------|-----------------|------------------|------------------|-----------------------|
| Pride of the South Catfish, Inc. | 06/01           | 4.0%             | 06/16            | \$ 715,654            |

**Note 8. Capital Assets**

The following is a summary of capital assets activity for the year ended September 30, 2006:

Governmental activities:

|  | Balance<br>10/1/05   | Addition            | Deletion            | Adjustment          | Balance<br>9/30/06   |
|--|----------------------|---------------------|---------------------|---------------------|----------------------|
| <u>Non-depreciable capital assets:</u>             |                      |                     |                     |                     |                      |
| Land   | \$ 327,220           | \$ -                | \$ (28,109)         | \$ -                | \$ 299,111           |
| Construction in progress                           | 710,450              | 132,338             | -                   | (641,250)           | 201,538              |
| <b>Total non-depreciable capital assets</b>        | <b>\$ 1,037,670</b>  | <b>\$ 132,338</b>   | <b>\$ (28,109)</b>  | <b>\$ (641,250)</b> | <b>\$ 500,649</b>    |
| <u>Depreciable capital assets:</u>                 |                      |                     |                     |                     |                      |
| Infrastructure                                     | \$ 15,132,960        | \$ -                | \$ -                | \$ 641,250          | \$ 15,774,210        |
| Buildings  | 5,845,946            | -                   | -                   | 12,450              | 5,858,396            |
| Improvements other than buildings                  | 77,358               | -                   | -                   | -                   | 77,358               |
| Mobile equipment                                   | 2,285,380            | 36,867              | (172,935)           | 70,981              | 2,220,293            |
| Furniture and equipment                            | 145,863              | 199,823             | (14,114)            | (140,685)           | 190,887              |
| Property under capital leases                      | 1,551,404            | 138,530             | (136,112)           | (55,124)            | 1,498,698            |
| <b>Total depreciable capital assets</b>            | <b>\$ 25,038,911</b> | <b>\$ 375,220</b>   | <b>\$ (323,161)</b> | <b>\$ 528,872</b>   | <b>\$ 25,619,842</b> |
| <u>Less accumulated depreciation for:</u>          |                      |                     |                     |                     |                      |
| Infrastructure                                     | \$ 6,999,424         | \$ 322,103          | \$ -                | \$ 3,263            | \$ 7,324,790         |
| Buildings  | 2,691,183            | 84,743              | -                   | 47,899              | 2,823,825            |
| Improvements other than buildings                  | 6,190                | 3,095               | -                   | -                   | 9,285                |
| Mobile equipment                                   | 1,828,049            | 72,749              | (26,763)            | (50,971)            | 1,823,064            |
| Furniture and equipment                            | 75,900               | 19,912              | -                   | (14,420)            | 81,392               |
| Property under capital leases                      | 1,073,249            | 94,265              | -                   | (66,947)            | 1,100,567            |
| <b>Total accumulated depreciation</b>              | <b>\$ 12,673,995</b> | <b>\$ 596,867</b>   | <b>\$ (26,763)</b>  | <b>\$ (81,176)</b>  | <b>\$ 13,162,923</b> |
| <b>Total depreciable capital assets, net</b>       | <b>\$ 12,364,916</b> | <b>\$ (221,647)</b> | <b>\$ (296,398)</b> | <b>\$ 610,048</b>   | <b>\$ 12,456,919</b> |
| <b>Governmental activities capital assets, net</b> | <b>\$ 13,402,586</b> | <b>\$ (89,309)</b>  | <b>\$ (324,507)</b> | <b>\$ (31,202)</b>  | <b>\$ 12,957,568</b> |

**NOXUBEE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended September 30, 2006

**Note 8. Capital Assets (continued)**

The adjustments are to correct classifications and errors, to adjust for items under thresholds, and adjust for infrastructure asset amounts acquired in prior years' but not previously recorded.

Depreciation expense was charged to the governmental functions as follows:

|  |                   |
|--|-------------------|
| General government                                 | \$ 98,314         |
| Public safety                                      | 53,763            |
| Public works                                       | <u>444,790</u>    |
| Total depreciation activities depreciation expense | <u>\$ 596,867</u> |

Commitments with respect to unfinished capital projects at September 30, 2006, consisted of the following:

| <u>Description of Commitment</u> | <u>Remaining<br/>Financial<br/>Commitment</u> | <u>Expected<br/>Date of<br/>Completion</u> |
|----------------------------------|---|--|
| LSBP-52(8) - Bridge              | \$ -  | 11/22/06                                   |
| LSBP-52(13) - Bridge             | -   | 12/22/06                                   |

**Note 9. 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 \$750,000 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, 2005 to January 1, 2006. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

**NOXUBEE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2006

**Note 10. Capital Leases**

As Lessee

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2006:

| <u>Classes of Property</u>           | <u>Governmental<br/>Activities</u> |
|--------------------------------------|------------------------------------|
| Mobile equipment                     | \$ 962,241                         |
| Furniture and equipment              | <u>536,457</u>                     |
|                                      | \$ 1,498,698                       |
| Less: Accumulated depreciation       | <u>1,100,567</u>                   |
| Leased Property under Capital Leases | <u><u>\$ 398,131</u></u>           |

The following is a schedule by years of the total payments due as of September 30, 2006:

| <u>Year Ending September 30</u> | <u>Governmental Activities</u> |                         |
|---------------------------------|--------------------------------|-------------------------|
|                                 | <u>Principal</u>               | <u>Interest</u>         |
| 2007                            | \$ 136,726                     | \$ 23,646               |
| 2008                            | 106,332                        | 17,705                  |
| 2009                            | 98,851                         | 12,785                  |
| 2010                            | 73,077                         | 8,207                   |
| 2011                            | 49,630                         | 4,948                   |
| 2012 - 2015                     | <u>49,917</u>                  | <u>5,848</u>            |
| Total                           | <u><u>\$ 514,533</u></u>       | <u><u>\$ 73,139</u></u> |

**NOXUBEE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2006

**Note 11. Long-term Debt**

Debt outstanding as of September 30, 2006, consists of the following:

| Description and Purpose   | Amount<br>Outstanding      | Interest<br>Rate | Final<br>Maturity<br>Date |
|---|----------------------------|------------------|---------------------------|
| <b>Governmental Activities:</b>   |                            |                  |                           |
| <b>A. Capital Leases:</b>   |                            |                  |                           |
| Voting system   | \$ 50,666                  | 4.97             | 06/09                     |
| Beat 1 Caterpillar 140H motor grader  | 22,328                     | 3.99             | 01/08                     |
| Solid Waste pickup  | 14,006                     | 4.25             | 06/11                     |
| NWVFD fire truck  | 100,956                    | 4.49             | 03/15                     |
| Beat 1 1995 International dump truck  | 16,649                     | 4.75             | 06/09                     |
| Beat 4 1991 Excavator   | 10,329                     | 4.75             | 06/09                     |
| Three fire trucks   | 169,729                    | 5.85             | 07/11                     |
| (2) 2003 Ford Crown Victorias   | 4,712                      | 3.59             | 04/07                     |
| Equipment for (2) police cruisers   | 2,520                      | 3.59             | 07/07                     |
| Hardware upgrade & software   | 18,498                     | 3.99             | 11/07                     |
| Computer Equipment  | 15,991                     | 4.04             | 06/09                     |
| Extension service phone system  | 1,292                      | 11.50            | 08/07                     |
| 2006 International Truck  | <u>86,857</u>              | 3.97             | 10/10                     |
| <b>Total Capital Leases</b>   | <b><u>\$ 514,533</u></b>   |                  |                           |
| <b>B. Other Loans:</b>  |                            |                  |                           |
| E-911 equipment   | \$ 181,559                 | 5.49             | 01/09                     |
| Capital improvements revolving loan   | 253,775                    | 4.00             | 02/14                     |
| Pride of the South Catfish, Inc. community<br>development block grant #00-052-RV-LN01 | 715,654                    | 4.00             | 06/16                     |
| (750) Residential garbage carts   | 33,725                     | 4.08             | 03/11                     |
| District 3 road & bridge improvements   | <u>40,000</u>              | 4.75             | 04/10                     |
| <b>Total Other Loans</b>  | <b><u>\$ 1,224,713</u></b> |                  |                           |

**NOXUBEE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2006

**Note 11. Long-term Debt** (continued)

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Assets are as follows:

| <u>Year Ending September 30</u> | <u>Other Loans</u>  |                   |
|---------------------------------|---------------------|-------------------|
|                                 | <u>Principal</u>    | <u>Interest</u>   |
| 2007                            | \$ 166,476          | \$ 48,888         |
| 2008                            | 173,778             | 41,546            |
| 2009                            | 179,714             | 33,856            |
| 2010                            | 121,304             | 25,800            |
| 2011                            | 110,922             | 21,268            |
| 2012 - 2016                     | 472,519             | 42,574            |
| <b>Total</b>                    | <b>\$ 1,224,713</b> | <b>\$ 213,932</b> |

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, 2006, the amount of outstanding debt was equal to 1.96% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2006:

| Governmental activities:           | Balance             |                   |                     |             | Balance             | Amount due within one year |
|------------------------------------|---------------------|-------------------|---------------------|-------------|---------------------|----------------------------|
|                                    | 10/1/2005           | Additions         | Reductions          | Adj         |                     |                            |
| Compensated absences               | \$ 103,989          | \$ 5,076          | \$ -                | \$ -        | \$ 109,065          | **                         |
| Capital leases                     | 559,954             | 138,530           | (183,951)           | -           | 514,533             | 136,726                    |
| Other loans                        | <u>1,302,427</u>    | <u>477,740</u>    | <u>(555,454)</u>    | -           | <u>1,224,713</u>    | <u>166,476</u>             |
| <b>Total long-term liabilities</b> | <b>\$ 1,966,370</b> | <b>\$ 621,346</b> | <b>\$ (739,405)</b> | <b>\$ -</b> | <b>\$ 1,848,311</b> | <b>\$ 303,202</b>          |

\*\* Due to immateriality, the current portion of compensated absences has not been estimated.

**NOXUBEE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2006

**Note 12. Deficit Fund Balances of Individual Funds**

The following funds reported deficits in fund balances at September 30, 2006:

| <u>Fund</u>                      | <u>Deficit Amount</u> |
|----------------------------------|-----------------------|
| Homeland Security Fund           | \$ (12,910)           |
| State Domestic Preparedness Fund | (82,392)              |
| Multi-Purpose Bldg               | (185)                 |

**Note 13. 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 expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

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.

General Obligation Debt Contingencies

The County issued general obligation bonds to provide funds for constructing and improving capital facilities of the Noxubee County General Hospital. Such debt is being retired from pledged resources of this entity and, therefore, is reported as a liability of that entity. However, because general obligation bonds are backed by the full faith, credit and taxing power of the County, the County remains contingently liable for its retirement. The principal amount of such debt outstanding at year end is as follows:

| <u>Description</u>                    | <u>Balance at<br/>Sept. 30, 2006</u> |
|---------------------------------------|--------------------------------------|
| General obligation nursing home bonds | \$ <u>682,694</u>                    |

## NOXUBEE COUNTY

### NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2006

#### Note 14. Joint Venture

The County participates in the following joint venture:

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

#### Note 15. Jointly Governed Organizations

The County participates in the following jointly governed organizations:

Prairie Opportunity, Inc. operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Noxubee County Board of Supervisors appoints one of the 21 board members. One board member from each of the counties must come from the private sector (recipient of services), and one member from each county must come from the community. These 14 board members are not appointed by the County Board of Supervisors. The counties generally provide no financial support to the organization.

Community Counseling Services operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Noxubee County Board of Supervisors appoints one of the seven members of the board of commissioners. The County appropriated \$20,900 for support of the agency in fiscal year 2006.

Golden Triangle Planning and Development District provides services for the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Noxubee County Board of Supervisors appoints four of the 28 members of the board of directors. The County contributes a small percentage of the district's total revenue.

East Mississippi Community College operates in a district composed of the Counties of Clay, Kemper, Lauderdale, Lowndes, Noxubee and Oktibbeha. The Noxubee County Board of Supervisors appoints two of the 12 members of the college board of trustees. The County appropriated \$232,145 for maintenance and support of the college in fiscal year 2006.

**NOXUBEE COUNTY**

**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2006

**Note 16. Defined Benefit Pension Plan**

Plan Description

The County 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. Benefit provisions are established by state law 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

PERS members are required to contribute 7.25% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The current rate is 11.30% 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, 2006, 2005, and 2004 were \$202,718, \$179,235, and \$156,075, respectively, equal to the required contributions for each year.

**Note 17. Subsequent Events**

Subsequent to September 30, 2006, Noxubee County issued the following debt obligations:

| <u>Issue Date</u> | <u>Interest Rate</u> | <u>Issue Amount</u> | <u>Type of Financing</u> | <u>Source of Financing</u> |
|-------------------|----------------------|---------------------|--------------------------|----------------------------|
| 10/06             | 4.70%                | \$ 50,000           | Other Loan               | Ad Valorem Taxes           |
| 10/06             | 4.70%                | 50,000              | Other Loan               | Ad Valorem Taxes           |
| 08/07             | 4.29%                | 51,245              | Lease Purchase           | Ad Valorem Taxes           |
| 08/07             | 4.70%                | <u>30,000</u>       | Lease Purchase           | Ad Valorem Taxes           |
|                   |                      | <u>\$ 181,245</u>   |                          |                            |

**SUPPLEMENTAL INFORMATION**

**NOXUBEE COUNTY**

**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**  
For the Year Ended September 30, 2006

|  | Budgeted Amounts    |                     | Actual               | Variances                   |                         |
|--|---------------------|---------------------|----------------------|-----------------------------|-------------------------|
|  | Original            | Final               |                      | Non-GAAP<br>Budgetary Basis | Favorable (Unfavorable) |
|  |                     |                     | Original<br>to Final |                             | Final<br>to Actual      |
| <b>REVENUES</b>                                      |                     |                     |                      |                             |                         |
| Property taxes                                       | \$ 2,996,974        | \$ 3,071,354        | \$ 3,071,354         | \$ 74,380                   | \$ -                    |
| Licenses, commissions and other revenue              | 94,727              | 124,379             | 124,379              | 29,652                      | -                       |
| Fines and forfeitures                                | 110,933             | 102,364             | 102,364              | (8,569)                     | -                       |
| Intergovernmental revenues                           | 548,201             | 551,529             | 551,529              | 3,328                       | -                       |
| Charges for services                                 | 115,668             | 124,486             | 124,486              | 8,818                       | -                       |
| Interest income                                      | 45,336              | 80,518              | 80,518               | 35,182                      | -                       |
| Miscellaneous revenues                               | 43,905              | 49,419              | 49,419               | 5,514                       | -                       |
| <b>Total Revenues</b>                                | <b>\$ 3,955,744</b> | <b>\$ 4,104,049</b> | <b>\$ 4,104,049</b>  | <b>\$ 148,305</b>           | <b>\$ -</b>             |
| <b>EXPENDITURES</b>                                  |                     |                     |                      |                             |                         |
| Current:   |                     |                     |                      |                             |                         |
| General government                                   | \$ 2,140,691        | \$ 1,984,269        | \$ 1,984,269         | \$ 156,422                  | \$ -                    |
| Public safety  | 1,099,353           | 1,070,644           | 1,070,644            | 28,709                      | -                       |
| Public works   | 3,220               | 3,224               | 3,224                | (4)                         | -                       |
| Health and welfare                                   | 190,071             | 180,455             | 180,455              | 9,616                       | -                       |
| Culture and recreation                               | 53,684              | 53,864              | 53,864               | (180)                       | -                       |
| Education  | 169,206             | 179,118             | 179,118              | (9,912)                     | -                       |
| Conservation of natural resources                    | 117,813             | 116,301             | 116,301              | 1,512                       | -                       |
| Economic development and assistance                  | 84,873              | 72,974              | 72,974               | 11,899                      | -                       |
| Capital projects                                     | 21,405              | 22,166              | 22,166               | (761)                       | -                       |
| Debt service   | 405,000             | 404,000             | 404,000              | 1,000                       | -                       |
| <b>Total Expenditures</b>                            | <b>\$ 4,285,316</b> | <b>\$ 4,087,015</b> | <b>\$ 4,087,015</b>  | <b>\$ 198,301</b>           | <b>\$ -</b>             |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ (329,572)        | \$ 17,034           | \$ 17,034            | \$ 346,606                  | \$ -                    |
| Other Financing Sources (Uses)                       | \$ 328,254          | \$ 330,528          | \$ 330,528           | 2,274                       | -                       |
| <b>Net Change in Fund Balances</b>                   | <b>\$ (1,318)</b>   | <b>\$ 347,562</b>   | <b>\$ 347,562</b>    | <b>\$ 348,880</b>           | <b>\$ -</b>             |
| Fund Balance - Beginning                             | 757,878             | 757,878             | 757,878              |                             |                         |
| Fund Balance - Ending                                | \$ 756,560          | \$ 1,105,440        | \$ 1,105,440         |                             |                         |

The Notes to the Required Supplementary Information are an integral part of this statement.

**NOXUBEE COUNTY**

**BUDGETARY COMPARISON SCHEDULE FOR THE SOLID WASTE FUND**

For the Year Ended September 30, 2006

|  | Budgeted Amounts   |                    | Actual               | Variances                   |                         |
|--|--------------------|--------------------|----------------------|-----------------------------|-------------------------|
|  | Original           | Final              |                      | Non-GAAP<br>Budgetary Basis | Favorable (Unfavorable) |
|  |                    |                    | Original<br>to Final |                             | Final<br>to Actual      |
| <b>REVENUES</b>  |                    |                    |                      |                             |                         |
| Property taxes   | \$ 124,338         | \$ 123,968         | \$ 123,968           | \$ (370)                    | \$ -                    |
| Licenses, commissions and other revenue                      | -                  | -                  | -                    | -                           | -                       |
| Fines and forfeitures  | -                  | -                  | -                    | -                           | -                       |
| Intergovernmental revenues                                   | 4,000              | 4,414              | 4,414                | 414                         | -                       |
| Charges for services   | 540,000            | 545,543            | 545,543              | 5,543                       | -                       |
| Interest income  | 1,800              | 3,971              | 3,971                | 2,171                       | -                       |
| Miscellaneous revenues                                       | 1,500              | 3,609              | 3,609                | 2,109                       | -                       |
| <b>Total Revenues</b>  | <b>\$ 671,638</b>  | <b>\$ 681,505</b>  | <b>\$ 681,505</b>    | <b>\$ 9,867</b>             | <b>\$ -</b>             |
| <b>EXPENDITURES</b>  |                    |                    |                      |                             |                         |
| Current:   |                    |                    |                      |                             |                         |
| General government   | \$ -               | \$ -               | \$ -                 | \$ -                        | \$ -                    |
| Public safety  | -                  | -                  | -                    | -                           | -                       |
| Public works   | 703,596            | 691,635            | 691,635              | 11,961                      | -                       |
| Health and welfare   | -                  | -                  | -                    | -                           | -                       |
| Culture and recreation                                       | -                  | -                  | -                    | -                           | -                       |
| Education  | -                  | -                  | -                    | -                           | -                       |
| Conservation of natural resources                            | -                  | -                  | -                    | -                           | -                       |
| Economic development and assistance                          | -                  | -                  | -                    | -                           | -                       |
| Capital projects   | -                  | -                  | -                    | -                           | -                       |
| Debt service   | -                  | -                  | -                    | -                           | -                       |
| <b>Total Expenditures</b>                                    | <b>\$ 703,596</b>  | <b>\$ 691,635</b>  | <b>\$ 691,635</b>    | <b>\$ 11,961</b>            | <b>\$ -</b>             |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>\$ (31,958)</b> | <b>\$ (10,130)</b> | <b>\$ (10,130)</b>   | <b>\$ 21,828</b>            | <b>\$ -</b>             |
| <b>Other Financing Sources (Uses)</b>                        | <b>\$ -</b>        | <b>\$ 3,023</b>    | <b>\$ 3,023</b>      | <b>3,023</b>                | <b>-</b>                |
| <b>Net Change in Fund Balances</b>                           | <b>\$ (31,958)</b> | <b>\$ (7,107)</b>  | <b>\$ (7,107)</b>    | <b>\$ 24,851</b>            | <b>\$ -</b>             |
| Fund Balance - Beginning                                     | 99,179             | 99,179             | 99,179               |                             |                         |
| Fund Balance - Ending  | \$ 67,221          | \$ 92,072          | \$ 92,072            |                             |                         |

The Notes to the Required Supplementary Information are an integral part of this statement.

**NOXUBEE COUNTY**

**BUDGETARY COMPARISON SCHEDULE FOR THE WILDLIFE REFUGE FUND**  
For the Year Ended September 30, 2006

|  | Budgeted Amounts    |                     | Actual<br>Non-GAAP<br>Budgetary Basis | Variances<br>Favorable (Unfavorable) |                    |
|--|---------------------|---------------------|---------------------------------------|--------------------------------------|--------------------|
|  | Original            | Final               |                                       | Original<br>to Final                 | Final<br>to Actual |
|  | <b>REVENUES</b>     |                     |                                       |                                      |                    |
| Property taxes   | \$ -                | \$ -                | \$ -                                  | \$ -                                 | \$ -               |
| Licenses, commissions and other revenue                      | -                   | -                   | -                                     | -                                    | -                  |
| Fines and forfeitures  | -                   | -                   | -                                     | -                                    | -                  |
| Intergovernmental revenues                                   | 1,300,000           | 1,112,300           | 1,112,300                             | (187,700)                            | -                  |
| Charges for services   | -                   | -                   | -                                     | -                                    | -                  |
| Interest income  | -                   | -                   | -                                     | -                                    | -                  |
| Miscellaneous revenues                                       | -                   | -                   | -                                     | -                                    | -                  |
| <b>Total Revenues</b>  | <b>\$ 1,300,000</b> | <b>\$ 1,112,300</b> | <b>\$ 1,112,300</b>                   | <b>\$ (187,700)</b>                  | <b>\$ -</b>        |
| <b>EXPENDITURES</b>  |                     |                     |                                       |                                      |                    |
| Current:   |                     |                     |                                       |                                      |                    |
| General government   | \$ -                | \$ -                | \$ -                                  | \$ -                                 | \$ -               |
| Public safety  | -                   | -                   | -                                     | -                                    | -                  |
| Public works   | 28,459              | 29,846              | 29,846                                | (1,387)                              | -                  |
| Health and welfare   | -                   | -                   | -                                     | -                                    | -                  |
| Culture and recreation                                       | -                   | -                   | -                                     | -                                    | -                  |
| Education  | -                   | -                   | -                                     | -                                    | -                  |
| Conservation of natural resources                            | -                   | -                   | -                                     | -                                    | -                  |
| Economic development and assistance                          | -                   | -                   | -                                     | -                                    | -                  |
| Capital projects   | -                   | -                   | -                                     | -                                    | -                  |
| Debt service   | -                   | -                   | -                                     | -                                    | -                  |
| <b>Total Expenditures</b>                                    | <b>\$ 28,459</b>    | <b>\$ 29,846</b>    | <b>\$ 29,846</b>                      | <b>\$ (1,387)</b>                    | <b>\$ -</b>        |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>\$ 1,271,541</b> | <b>\$ 1,082,454</b> | <b>\$ 1,082,454</b>                   | <b>\$ (189,087)</b>                  | <b>\$ -</b>        |
| <b>Other Financing Sources (Uses)</b>                        | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>                           | <b>-</b>                             | <b>-</b>           |
| <b>Net Change in Fund Balances</b>                           | <b>\$ 1,271,541</b> | <b>\$ 1,082,454</b> | <b>\$ 1,082,454</b>                   | <b>\$ (189,087)</b>                  | <b>\$ -</b>        |
| Fund Balance - Beginning                                     | -                   | -                   | -                                     | -                                    | -                  |
| Fund Balance - Ending  | <b>\$ 1,271,541</b> | <b>\$ 1,082,454</b> | <b>\$ 1,082,454</b>                   |                                      |                    |

The Notes to the Required Supplementary Information are an integral part of this statement.

## NOXUBEE COUNTY

### NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended September 30, 2006

#### **Note 1. 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 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 revenue, each general item of expenditure, 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.

#### **Note 2. Basis of Presentation**

The Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (non GAAP) 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. The Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

#### **Note 3. Budget/GAAP Reconciliation**

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

**Note 3. Budget/GAAP Reconciliation (continued)**

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major special revenue fund:

|  | Governmental<br>Fund Types |                        |                            |
|--|----------------------------|------------------------|----------------------------|
|  | General<br>Fund            | Solid<br>Waste<br>Fund | Wildlife<br>Refuge<br>Fund |
| Budget (Cash Basis)                      | \$ 347,562                 | \$ (7,107)             | \$ 1,082,454               |
| Increase (Decrease)                      |                            |                        |                            |
| Net adjustments for revenue accruals     | (337,709)                  | 158,141                | (1,082,454)                |
| Net adjustments for expenditure accruals | <u>300,419</u>             | <u>(163,735)</u>       | <u>-</u>                   |
| GAAP Basis                               | <u>\$ 310,272</u>          | <u>\$ (12,701)</u>     | <u>\$ -</u>                |

**NOXUBEE COUNTY**

**RECONCILIATION OF OPERATING COSTS OF SOLID WASTE**  
For the Year Ended September 30, 2006

**OPERATING EXPENDITURES, CASH BASIS**

|   |               |
|---|---------------|
| Salaries                                      | \$ 300,722    |
| Expendable Commodities:                       |               |
| Gasoline and petroleum products               | 85,741        |
| Repair parts                                  | 33,697        |
| Utilities                                     | 4,311         |
| Feeding of prisoners                          | 27,763        |
| Maintenance                                   | 31,064        |
| Contractual disposal services                 | 164,118       |
| Insurance and equipment                       | <u>44,219</u> |
| Solid Waste Cash Basis Operating Expenditures | \$ 691,635    |

**FULL COST EXPENSES**

|  |                   |
|--|-------------------|
| Indirect administrative costs            | \$ 6,971          |
| Depreciation on equipment                | <u>26,691</u>     |
| Solid Waste Full Cost Operating Expenses | <u>\$ 725,297</u> |

**NOXUBEE COUNTY, MISSISSIPPI  
SPECIAL REPORTS**



REA, SHAW, GIFFIN & STUART, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER  
AMERICAN INSTITUTE  
OF  
CERTIFIED PUBLIC  
ACCOUNTANTS

POST OFFICE BOX 2090  
MERIDIAN, MS 39302  
TELEPHONE 601-693-2841  
FAX 601-693-2851

POST OFFICE BOX 562  
WAYNESBORO, MS 39367  
TELEPHONE 601-735-2317  
FAX 601-735-0585

MEMBER  
MISSISSIPPI SOCIETY  
OF  
CERTIFIED PUBLIC  
ACCOUNTANTS

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

TO THE MEMBERS OF THE BOARD OF SUPERVISORS  
NOXUBEE COUNTY, MISSISSIPPI

We have audited the primary government financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Noxubee County, Mississippi, as of and for the year ended September 30, 2006, which collectively comprise the county's basic primary government financial statements and have issued our report thereon dated November 8, 2007. The auditor's report on the primary government financial statements is modified to reflect that the primary government financial statements do not include the financial data of the county's component units. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Noxubee County, Mississippi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the primary government financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Noxubee County, Mississippi's ability to initiate, record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings under item 06-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the primary government financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Noxubee County, Mississippi's primary government financial statements are free of 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*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of Noxubee County, Mississippi in the Independent Auditors' Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated November 8, 2007, included within this document.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than this specified party. However, this report is a matter of public record and its distribution is not limited.

*Rea, Shaw, Giffin & Stuart*

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi  
November 8, 2007



**REA, SHAW, GIFFIN & STUART, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER  
AMERICAN INSTITUTE  
OF  
CERTIFIED PUBLIC  
ACCOUNTANTS

POST OFFICE BOX 2090  
MERIDIAN, MS 39302  
TELEPHONE 601-693-2841  
FAX 601-693-2851

POST OFFICE BOX 562  
WAYNESBORO, MS 39367  
TELEPHONE 601-735-2317  
FAX 601-735-0585

MEMBER  
MISSISSIPPI SOCIETY  
OF  
CERTIFIED PUBLIC  
ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON CENTRAL PURCHASING SYSTEM,  
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES  
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

TO THE MEMBERS OF THE BOARD OF SUPERVISORS  
NOXUBEE COUNTY, MISSISSIPPI

We have made a study and evaluation of the central purchasing system and inventory control system of Noxubee County, Mississippi, as of and for the year ended September 30, 2006. Our study and evaluation included tests of compliance of the Purchase Clerk and Inventory Control Clerk records and such other auditing procedures as we considered necessary in the circumstances.

The Board of Supervisors of Noxubee County, Mississippi, is responsible for 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). In addition, the Board of Supervisors is responsible for purchasing in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972). The Board of Supervisors of Noxubee County, Mississippi has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any 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 also considered in forming our opinion on compliance. Our findings and recommendations and your responses are disclosed below:

## **Inventory Control Clerk**

### **1. Finding**

In the course of our audit for the year ended September 30, 2006, audit tests of capital assets revealed the following weaknesses:

- a. As reported in prior years' audit reports, the cost basis of certain assets sold during the year was not removed from the capital asset inventory ledger.
- b. The minutes of the Board of Supervisors did not contain sufficient evidence to identify all of the assets approved for disposal from the inventory ledger.

### **Recommendation**

The Inventory Control Clerk should establish adequate control procedures to maintain accurate inventory records documenting the existence, completeness and valuation of capital assets.

### **Inventory Control Clerk's Response**

I will comply with the auditor's finding to make sure all assets disposed of will be recorded in the minutes. All assets have been removed that were sold in the prior year.

### **Auditor's Note**

Subsequent to making the inventory control clerk aware that the cost basis of certain assets sold during the year had not been removed from the inventory ledger, the amounts were removed and the inventory ledgers were updated accordingly.

## **Receiving Clerk**

### **2. Finding**

Section 31-7-109, Miss. Code Ann. (1972), states the requirements of the county receiving system. Some receiving reports were not prepared and delivered to the Purchase Clerk within three days after the receipt of the merchandise.

### **Recommendation**

The Receiving Clerk, or appropriate departmental assistant clerk, who actually receives the merchandise should properly prepare the receiving report at the time of receipt and that receiving report should be delivered to the Purchase Clerk no later than noon on the third regular business day after receipt. This internal control feature is a critical component in preventing the county from paying for merchandise it has never received.

### **Receiving Clerk's Response**

I will comply with the auditor's finding. All receiving reports will be done on the day the merchandise arrives and all reports will be given to the purchase clerk the same day.

In our opinion, except as explained in the third paragraph and except for the noncompliance referred to in the preceding paragraph, Noxubee County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements.

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 study and evaluation of the purchasing system and, in our opinion, is fairly presented when considered in relation to that study and evaluation.

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

*Rea. Shaw, Giffin & Stuart*

REA, SHAW, GIFFIN & STUART, LLP

Meridian, Mississippi  
November 8, 2007

**SCHEDULE OF PURCHASES NOT MADE FROM THE LOWEST BIDDER**  
For the Year Ended September 30, 2006

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

**SCHEDULE OF EMERGENCY PURCHASES**  
For the Year Ended September 30, 2006

Our test results did not identify any emergency purchases.

**SCHEDULE OF PURCHASES MADE NONCOMPETITELY FROM A SOLE SOURCE**  
For the Year Ended September 30, 2006

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

**NOXUBEE COUNTY, MISSISSIPPI**

**SCHEDULE OF FINDINGS**

**NOXUBEE COUNTY**

**SCHEDULE OF FINDINGS**  
For The Year Ended September 30, 2006

**SECTION I: SUMMARY OF AUDITORS' RESULTS**

**Financial Statements:**

- |  |             |
|--|-------------|
| 1. Type of auditor's report issued on the primary government financial statements:     | Unqualified |
| 2. Noncompliance material to the primary government financial statements?              | No          |
| 3. Internal control over financial reporting:  |             |
| a. Material weaknesses identified?   | Yes         |
| b. Reportable conditions identified that are not considered to be material weaknesses? | No          |

**SECTION II: FINANCIAL STATEMENT FINDINGS**

**Circuit Clerk**

06-1. Finding

As reported in prior years' audit reports, we noted the following deviation from the prescribed accounting system for Circuit Clerks contained in the *Mississippi County Financial Accounting Manual*:

- a. We were unable to verify the validity of certain material reconciling items on the bank reconciliations.

The current year revealed the following deviation:

- b. The clerk filled out the distribution of cash form that is required in order to identify all funds held by the clerk for distribution at year end, but the amounts on the form did not tie to the balances reflected on the bank reconciliations.

Recommendation

The Circuit Clerk should comply with the accounting system prescribed in the manual or hire someone to perform these tasks.

Circuit Clerk's Response

I will comply with the accounting system prescribed. I will employ someone to perform these tasks. I will review these documents to correct errors.

### **SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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