

# MONTGOMERY COUNTY, MISSISSIPPI

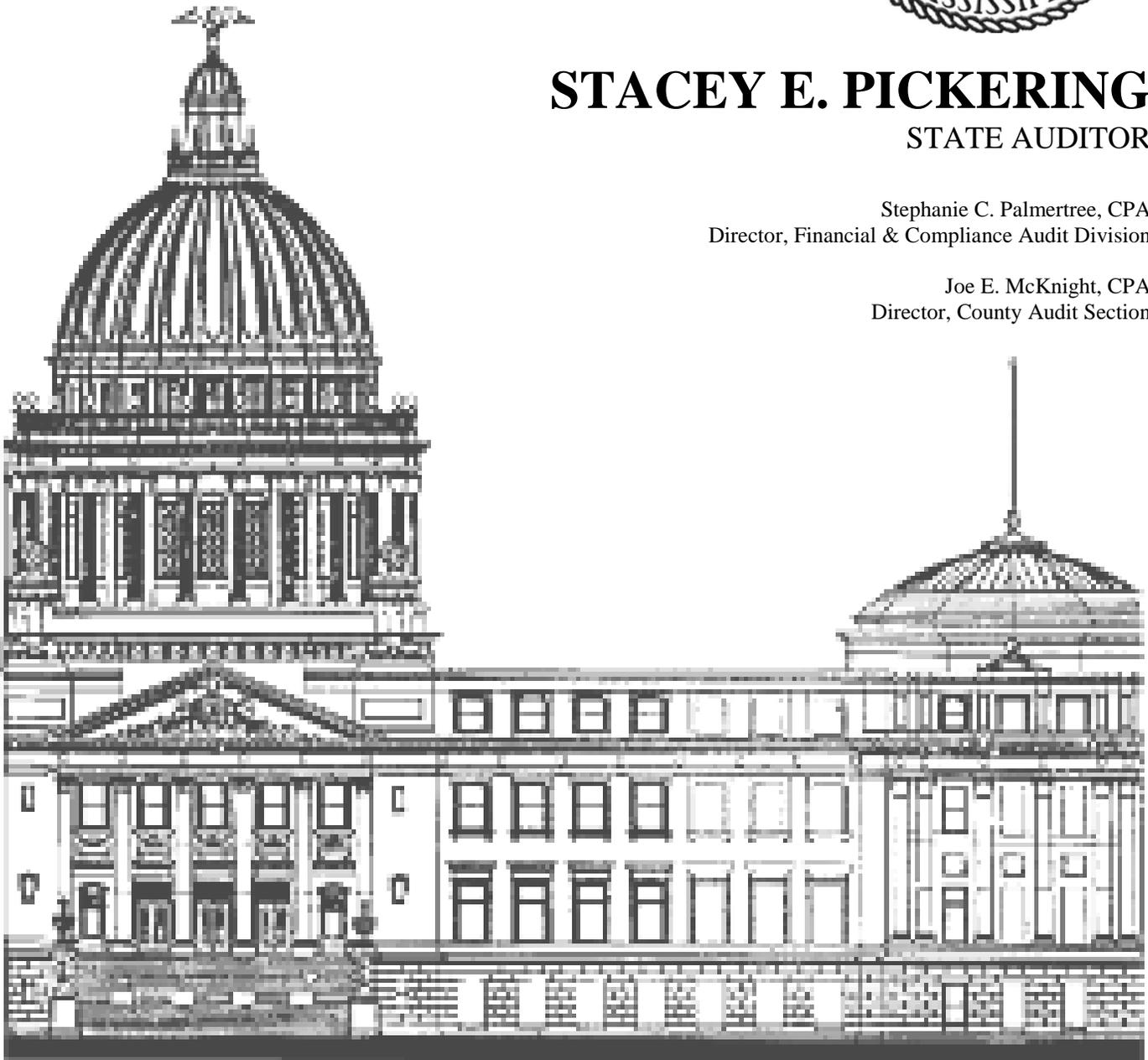
Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2015



## STACEY E. PICKERING STATE AUDITOR

Stephanie C. Palmertree, CPA  
Director, Financial & Compliance Audit Division

Joe E. McKnight, CPA  
Director, County Audit Section



A Report from the County Audit Section

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

June 28, 2017

Members of the Board of Supervisors  
Montgomery County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2015 financial and compliance audit report for Montgomery County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering".

Stacey E. Pickering  
State Auditor



MONTGOMERY COUNTY

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FINANCIAL SECTION

MONTGOMERY COUNTY

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Montgomery County, Mississippi

**Report on the Financial Statements**

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montgomery County, Mississippi, (the County) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

## **Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units**

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

## **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the cash basis financial position of the aggregate discretely presented component units of Montgomery County, Mississippi, as of September 30, 2015, or the changes in cash basis financial position thereof for the year then ended in accordance with accounting principles applicable to the County's cash basis of accounting.

## **Unmodified Opinions**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Montgomery County, Mississippi, as of September 30, 2015, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

## **Basis of Accounting**

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

## **Other Matters**

### *Report on Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Montgomery County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2017 on our consideration of Montgomery 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Montgomery County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 28, 2017

MONTGOMERY COUNTY

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MONTGOMERY COUNTY

FINANCIAL STATEMENTS

MONTGOMERY COUNTY

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MONTGOMERY COUNTY  
Statement of Net Position - Cash Basis  
September 30, 2015

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
<b>ASSETS</b>	
Cash	\$ 4,327,244
Total Assets	<u>4,327,244</u>
<b>NET POSITION</b>	
Restricted:	
Expendable:	
General government	236,927
Public safety	90,927
Public works	1,851,525
Health and welfare	45,877
Debt service	112,603
Unemployment compensation	13,465
Unrestricted	<u>1,975,920</u>
Total Net Position	<u>\$ 4,327,244</u>

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

MONTGOMERY COUNTY  
Statement of Activities - Cash Basis  
For the Year Ended September 30, 2015

Exhibit 2

Functions/Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,529,375	395,499	31,491		(2,102,385)
Public safety	1,204,937	112,182	152,735	11,000	(929,020)
Public works	2,366,103	318,224	862,802	129,240	(1,055,837)
Health and welfare	173,573		92,938		(80,635)
Culture and recreation	144,616		41,545		(103,071)
Education	129,129				(129,129)
Conservation of natural resources	81,101				(81,101)
Economic development and assistance	319,202		180,294		(138,908)
Debt service:					
Principal	145,004				(145,004)
Interest	82,635				(82,635)
Total Governmental Activities	<u>7,175,675</u>	<u>825,905</u>	<u>1,361,805</u>	<u>140,240</u>	<u>(4,847,725)</u>
General receipts:					
Property taxes				\$ 3,804,265	
Road & bridge privilege taxes				141,092	
Grants and contributions not restricted to specific programs				328,789	
Unrestricted interest income				11,324	
Miscellaneous				283,529	
Proceeds from debt issuance				27,513	
Sale of county property				23,500	
Compensation for loss of county property				53,192	
Total General Receipts and Other Cash Sources				<u>4,673,204</u>	
Changes in Net Position					<u>(174,521)</u>
Net Position - Beginning					<u>4,501,765</u>
Net Position - Ending				\$	<u><u>4,327,244</u></u>

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

MONTGOMERY COUNTY  
Statement of Cash Basis Assets and Fund Balances - Governmental Funds  
September 30, 2015

Exhibit 3

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Unit System Road and Bridge Maintenance Fund</u>	<u>Other Governmental Funds</u>	
<b>ASSETS</b>				
Cash	\$ 1,968,173	1,609,395	749,676	4,327,244
Total Assets	<u>\$ 1,968,173</u>	<u>1,609,395</u>	<u>749,676</u>	<u>4,327,244</u>
<b>FUND BALANCES</b>				
Restricted for:				
General government	\$		236,927	236,927
Public safety			90,927	90,927
Public works		1,609,395	242,130	1,851,525
Health and welfare			45,877	45,877
Debt service			112,603	112,603
Unemployment compensation			13,465	13,465
Committed to:				
Public works			185	185
Assigned to:				
Culture and recreation			7,562	7,562
Unassigned	1,968,173			1,968,173
Total Fund Balances	<u>\$ 1,968,173</u>	<u>1,609,395</u>	<u>749,676</u>	<u>4,327,244</u>

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

## MONTGOMERY COUNTY

Exhibit 4

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -  
Governmental Funds  
For the Year Ended September 30, 2015

	Major Funds			Total Governmental Funds
	General Fund	Unit System Road and Bridge Maintenance Fund	Other Governmental Funds	
<b>RECEIPTS</b>				
Property taxes	\$ 2,758,864	441,302	604,099	3,804,265
Road and bridge privilege taxes		141,092		141,092
Licenses, commissions and other receipts	162,434		3,904	166,338
Fines and forfeitures	172,954			172,954
Intergovernmental receipts	498,214	609,178	723,442	1,830,834
Charges for services	800		485,813	486,613
Interest income	8,416	1,832	1,076	11,324
Miscellaneous receipts	177,439	15,579	90,511	283,529
Total Receipts	<u>3,779,121</u>	<u>1,208,983</u>	<u>1,908,845</u>	<u>6,896,949</u>
<b>DISBURSEMENTS</b>				
General government	1,977,615		551,760	2,529,375
Public safety	834,320		370,617	1,204,937
Public works	12,334	1,270,971	1,082,798	2,366,103
Health and welfare	101,419		72,154	173,573
Culture and recreation			144,616	144,616
Education	129,129			129,129
Conservation of natural resources	81,101			81,101
Economic development and assistance	111,395		207,807	319,202
Debt service:				
Principal	42,814		102,190	145,004
Interest	62,322		20,313	82,635
Total Disbursements	<u>3,352,449</u>	<u>1,270,971</u>	<u>2,552,255</u>	<u>7,175,675</u>
Excess (Deficiency) of Receipts over Disbursements	<u>426,672</u>	<u>(61,988)</u>	<u>(643,410)</u>	<u>(278,726)</u>
<b>OTHER CASH SOURCES (USES)</b>				
Proceeds from long-term debt issuance			27,513	27,513
Sale of county property	23,500			23,500
Compensation for loss of county property	53,192			53,192
Transfers in	594		277,546	278,140
Transfers out	(213,754)	(594)	(63,792)	(278,140)
Total Other Cash Sources and Uses	<u>(136,468)</u>	<u>(594)</u>	<u>241,267</u>	<u>104,205</u>
Excess (Deficiency) of Receipts and other Cash Sources over Disbursements and other Cash Uses	<u>290,204</u>	<u>(62,582)</u>	<u>(402,143)</u>	<u>(174,521)</u>
Cash Basis Fund Balances - Beginning	<u>1,677,969</u>	<u>1,671,977</u>	<u>1,151,819</u>	<u>4,501,765</u>
Cash Basis Fund Balances - Ending	<u>\$ 1,968,173</u>	<u>1,609,395</u>	<u>749,676</u>	<u>4,327,244</u>

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

MONTGOMERY COUNTY  
Statement of Fiduciary Assets and Liabilities - Cash Basis  
September 30, 2015

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 17,143
Total Assets	<u>\$ 17,143</u>
LIABILITIES	
Intergovernmental payables	\$ 17,143
Total Liabilities	<u>\$ 17,143</u>

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

MONTGOMERY COUNTY

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# MONTGOMERY COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2015

### (1) Summary of Significant Accounting Policies.

#### A. Financial Reporting Entity.

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

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

- Tyler Holmes Hospital
- East Montgomery County Hospital
- Montgomery County Economic Development District

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

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

#### B. Basis of Presentation.

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

##### Government-wide Financial Statements:

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

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

MONTGOMERY COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2015

exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the County.

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

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

The County reports the following major Governmental Funds:

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

Unit System Road and Bridge Maintenance Fund - This fund is used to account for monies from specific sources that are restricted for road maintenance.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUND TYPE

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

MONTGOMERY COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2015

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 2012 by the Government Finance Officers Association.

E. Deposits.

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

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

F. Equity Classifications.

Government-wide Financial Statements:

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

*Committed fund balance* includes amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Board of Supervisors, the County's highest level of decision-making authority. This formal action is an order of the Board of Supervisors as approved in the board minutes.

*Assigned fund balance* includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Assistant Comptroller.

## MONTGOMERY COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2015

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

#### Fund Balance Flow Assumption:

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

#### G. Property Tax Receipts.

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

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

#### (2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2015, was \$4,344,387, and the bank balance was \$4,899,251. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

MONTGOMERY COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2015

(3) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2015:

Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Unit System Road and Bridge Maintenance	\$ 594
Other Governmental Funds	General Fund	213,754
Other Governmental Funds	Other Governmental Funds	<u>63,792</u>
Total		<u>\$ 278,140</u>

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

(4) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2015, to January 1, 2016. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(5) Contingencies.

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

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

(6) Commitment.

Montgomery County entered into an Interlocal Cooperation Agreement with the City of Winona, dated May 28, 2010 to support the Holiday Inn Express construction of infrastructure. The City of Winona issued tax increment financing bonds of \$350,000. Montgomery County has agreed to provide payments of 50% of the ad valorem taxes on the Holiday Inn assessment of real and personal property taxes ending in the fiscal year 2022. Montgomery County has contributed \$20,948 in the fiscal year 2015.

## MONTGOMERY COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2015

(7) Joint Ventures.

The County participates in the following joint venture:

Montgomery County is a participant with the City of Winona in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Winona-Montgomery County Airport Authority. The joint venture was created to construct, manage, control and operate the Winona-Montgomery County Airport and is governed by a five-member board of commissioners appointed as follows: Montgomery County, two; City of Winona, two; jointly, one. By contractual agreement, all costs of the airport shall be born equally by both parties. The County contributed \$12,334 for maintenance and support of the airport in fiscal year 2015. Financial statements for the Winona-Montgomery County Airport Authority were not available.

(8) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Region Six Mental Health/Mental Retardation Center/Life Help operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Montgomery County Board of Supervisors appoints one of the eight members of the board of commissioners. The County contributed \$22,598 for support of the center in fiscal year 2015.

North Central Planning and Development District operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yalobusha. The Montgomery County Board of Supervisors appoints four of the 28 members of the district board of directors. The County contributed \$44,145 for the maintenance and support of the district in fiscal year 2015.

Holmes Community College operates in a district composed of the counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Montgomery County Board of Supervisors appoints two of the 22 members of the college board of trustees. The County contributed \$129,970 for maintenance and support of the college in fiscal year 2015.

Mid-Mississippi Regional Library System operates in a district composed of the counties of Attala, Holmes, Leake, Montgomery and Winston. The Montgomery County Board of Supervisors appoints one of the five members of the library board of directors. The County contributed \$136,338 for maintenance and support of the library in fiscal year 2015.

Mississippi Regional Housing Authority IV operates in a district composed of the counties of Carroll, Choctaw, Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster and Winston. The Montgomery County Board of Supervisors appoints one of the nine members of the board of commissioners. The County did not contribute any funds to the authority in fiscal year 2015.

Montgomery County is a participant with the County of Webster and Choctaw in a jointly governed venture, authorized by Section 19-5-99, Miss. Code Ann. (1972), to operate the Regional Economic Enterprise of MS. The enterprise was created to establish and maintain an economic development district to secure and further industrial development of the counties and is governed by a six-member board of trustees appointed as follows: Montgomery County, two; Webster County, two; Choctaw County, two. The County contributed \$40,000 for maintenance and support to the Regional Economic Enterprise of MS in fiscal year 2015. Financial statements for the Regional Economic Enterprise of MS were not available.

(9) Defined Benefit Pension Plan.

Plan Description. Montgomery County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. 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

MONTGOMERY COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2015

information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2015, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2015 was 15.75% 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, 2015, 2014 and 2013 were \$281,827, \$278,198 and \$257,575, respectively, equal to the required contributions for each year.

MONTGOMERY COUNTY

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MONTGOMERY COUNTY

SUPPLEMENTAL INFORMATION

MONTGOMERY COUNTY

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MONTGOMERY COUNTY  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2015

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture-Rural Housing Service			
Community facilities loans and grants (Direct Award)	10.766	N/A	\$ 50,000
Community facilities loans and grants (Direct Award)	10.766	N/A	<u>11,000</u>
Total U.S. Department of Agriculture			<u>61,000</u>
U.S. Department of Housing and Urban Development/ Passed-through the Mississippi Development Authority			
Community development block grants/state's program and non-entitlement grants in Hawaii	14.228	1128-11-049-ED01	<u>46,892</u>
U.S. Department of Justice/ Passed-through the Mississippi Department of Public Safety			
ARRA - Violence against women formula grants	16.588	10SP1493	2,885
ARRA - Violence against women formula grants	16.588	13SP1491	46,317
ARRA - Violence against women formula grants	16.588	14SP1491	<u>18,647</u>
Subtotal			<u>67,849</u>
Edward Byrne memorial justice assistance grant program	16.738	13LB1491	<u>4,829</u>
Total U.S. Department of Justice			<u>72,678</u>
U.S. Department of Transportation - Federal Highway Administration / Passed-through the Mississippi Department of Transportation			
Highway planning and construction	20.205	BR NBIS 081 B(49)	<u>26,620</u>
U.S. Department of Transportation - National Highway Traffic Safety Passed-through the Mississippi Department of Public Safety			
Alcohol open container requirements	20.607	14-ST-149-1	3,278
Alcohol open container requirements		15-ST-149-1	<u>44,699</u>
Subtotal	20.607		<u>47,977</u>
Total U.S. Department of Transportation			<u>74,597</u>
Appalachian Regional Commission/ Passed-through the Tennessee Valley Authority			
Appalachian area development	23.002	6487	<u>31,810</u>
Appalachian research, technical assistance and demonstration projects*	23.011	7731	222,788
Appalachian research, technical assistance and demonstration projects*	23.011	6553	<u>41,580</u>
Subtotal			<u>264,368</u>
Total Appalachian Regional Commission			<u>296,178</u>

MONTGOMERY COUNTY  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended September 30, 2015

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Delta Regional Authority Delta area economic development* (Direct)	90.201	MS-10906	<u>101,591</u>
U.S. Department of Homeland Security/ Passed-through the Mississippi Emergency Management Agency Emergency management performance grant	97.042	EMW-2015-EP-	<u>11,446</u>
Total Expenditures of Federal Awards			<u>\$ 664,382</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the cash basis of accounting.

\* Denotes major federal award program

MONTGOMERY COUNTY

OTHER INFORMATION

MONTGOMERY COUNTY

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MONTGOMERY COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2015  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Property taxes	\$ 2,650,503	2,776,007	2,758,864	(17,143)
Licenses, commissions and other receipts	158,962	162,434	162,434	
Fines and forfeitures	132,722	172,954	172,954	
Intergovernmental receipts	260,022	498,214	498,214	
Charges for services		800	800	
Interest income	16,600	8,416	8,416	
Miscellaneous receipts	151,567	177,439	177,439	
Total Receipts	<u>3,370,376</u>	<u>3,796,264</u>	<u>3,779,121</u>	<u>(17,143)</u>
<b>DISBURSEMENTS</b>				
Current:				
General government	2,148,482	1,977,615	1,977,615	
Public safety	902,074	834,320	834,320	
Public works	16,210	12,334	12,334	
Health and welfare	136,245	101,419	101,419	
Culture and recreation	21,754			
Education		129,129	129,129	
Conservation of natural resources	82,622	81,101	81,101	
Economic development and assistance	100,966	111,395	111,395	
Debt service:				
Principal		42,814	42,814	
Interest		62,322	62,322	
Total Disbursements	<u>3,408,353</u>	<u>3,352,449</u>	<u>3,352,449</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(37,977)</u>	<u>443,815</u>	<u>426,672</u>	<u>(17,143)</u>
<b>OTHER CASH SOURCES (USES)</b>				
Sale of county property		23,500	23,500	
Compensation for loss of county property		53,192	53,192	
Transfers in		594	594	
Transfers out		(213,754)	(213,754)	
Other financing sources	330,181			
Other financing uses	(580,881)			
Total Other Cash Sources and Uses	<u>(250,700)</u>	<u>(136,468)</u>	<u>(136,468)</u>	<u>0</u>
Net Change in Fund Balance	(288,677)	307,347	290,204	(17,143)
Fund Balances - Beginning	<u>1,625,000</u>	<u>1,677,969</u>	<u>1,677,969</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 1,336,323</u>	<u>1,985,316</u>	<u>1,968,173</u>	<u>(17,143)</u>

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

MONTGOMERY COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Unit System Road and Bridge Maintenance Fund  
 For the Year Ended September 30, 2015  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Property taxes	\$ 411,388	441,302	441,302	
Road and bridge privilege taxes	106,000	141,092	141,092	
Intergovernmental receipts	496,000	609,178	609,178	
Interest income		1,832	1,832	
Miscellaneous receipts	6,500	15,579	15,579	
Total Receipts	<u>1,019,888</u>	<u>1,208,983</u>	<u>1,208,983</u>	<u>0</u>
<b>DISBURSEMENTS</b>				
Current:				
Public works	1,262,846	1,270,971	1,270,971	
Total Disbursements	<u>1,262,846</u>	<u>1,270,971</u>	<u>1,270,971</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(242,958)</u>	<u>(61,988)</u>	<u>(61,988)</u>	<u>0</u>
<b>OTHER CASH SOURCES (USES)</b>				
Transfers out		(594)	(594)	
Total Other Cash Sources and Uses	<u>0</u>	<u>(594)</u>	<u>(594)</u>	<u>0</u>
Net Change in Fund Balance	(242,958)	(62,582)	(62,582)	0
Fund Balances - Beginning	<u>1,400,000</u>	<u>1,671,977</u>	<u>1,671,977</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 1,157,042</u>	<u>1,609,395</u>	<u>1,609,395</u>	<u>0</u>

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

MONTGOMERY COUNTY  
Schedule of Capital Assets  
For the Year Ended September 30, 2015  
UNAUDITED

**Governmental activities:**

	Balance Oct. 1, 2014	Additions	Deletions	Adjustments	Balance Sept. 30, 2015
Land	\$ 211,973				211,973
Construction in progress	1,260,613	588,665		(1,520,732)	328,546
Infrastructure	7,606,436			1,520,732	9,127,168
Buildings	5,651,612				5,651,612
Mobile equipment	3,403,665	296,243	113,658		3,586,250
Furniture and equipment	551,538				551,538
Total capital assets	<u>\$ 18,685,837</u>	<u>884,908</u>	<u>113,658</u>	<u>0</u>	<u>19,457,087</u>

\* The adjustment column includes reclassification of completed construction projects transferred to infrastructure.

MONTGOMERY COUNTY  
Schedule of Changes in Long-term Debt  
For the Year Ended September 30, 2015  
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2015:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2014	Issued	Principal Payments	Balance Sept. 30, 2015
<b>Governmental Activities:</b>							
A. General Obligation Bonds:							
Coliseum stalls	11/2008	10/2022	4.25%	\$ 135,000		15,000	120,000
DHS Justice Court building	03/2010	03/2024	4.10%	307,000		25,000	282,000
General obligation public improvement bonds	03/2014	02/2034	3.00/4.00%	1,000,000		35,000	965,000
B. Other Loans:							
MDA Cap Loan - Mental Health building	06/2003	05/2022	3.00%	52,158		6,380	45,778
E-911 loan	08/2011	08/2016	1.99%	125,617		62,190	63,427
MDA Cap Loan - Screw Conveyor *	06/2012	06/2032	3.00%	283,901	27,513 *	1,434	309,980
Total				\$ 1,903,676	27,513	145,004	1,786,185

\* Montgomery County was approved for a MDA Cap Loan on June 12, 2012 for \$320,173. This loan is part of a financing package to do repairs and renovations to a county industrial building. At September 30, 2015, Montgomery County had drawn down the final amount and the total borrowed was \$311,414.

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

MONTGOMERY COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2015  
UNAUDITED

Name	Position	Company	Bond
Keith McGee	Supervisor District 1	Western Surety Company	\$100,000
Kenneth Ware	Supervisor District 2	The Ohio Casualty Insurance Company	\$100,000
Lindsey Roberts, Jr.	Supervisor District 3	Western Surety Company	\$100,000
James Ronald Wood, Jr.	Supervisor District 4	Western Surety Company	\$100,000
Nelson Forrest	Supervisor District 5	Western Surety Company	\$100,000
Talmadge "Tee" Golding	County Administrator	The Ohio Casualty Insurance Company	\$100,000
Talmadge "Tee" Golding	Chancery Clerk	Western Surety Company	\$100,000
Talmadge "Tee" Golding	Purchase Clerk	The Ohio Casualty Insurance Company	\$75,000
Terri L. Wilson	Receiving Clerk	Western Surety Company	\$75,000
Debbie Crenshaw	Assistant Receiving Clerk	State Automobile Mutual Insurance Company	\$50,000
Joy Wilkerson	Assistant Receiving Clerk	State Automobile Mutual Insurance Company	\$50,000
Talmadge "Tee" Golding	Inventory Control Clerk	State Automobile Mutual Insurance Company	\$75,000
Ashly Eldrige	Assistant Inventory Control Clerk	State Automobile Mutual Insurance Company	\$50,000
Chris Breazeale	Road Manager	The Ohio Casualty Insurance Company	\$50,000
L.C. Smith	Constable	Western Surety Company	\$50,000
Jerry Dale Bridges	Constable	Western Surety Company	\$50,000
Lanelle G. Martin	Circuit Clerk	Western Surety Company	\$100,000
Lesla Carole Goldman	Deputy Circuit Clerk	Old Republic Surety Company	\$50,000
Jerry C. "Bubba" Nix	Sheriff	Western Surety Company	\$100,000
Larry Edward Bamberg	Justice Court Judge	The Ohio Casualty Insurance Company	\$50,000
Keith S. Roberts	Justice Court Judge	Western Surety Company	\$50,000
Karen T. Carter	Justice Court Clerk	Western Surety Company	\$75,000
Florence C. Miers	Deputy Justice Court Clerk	FCI Insurance Group	\$50,000
Kellie Tate	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Tilford Robinson	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Velma Young	Tax Assessor-Collector	Western Surety Company	\$100,000
Sharon Pyron	Deputy Tax Collector	The Ohio Casualty Insurance Company	\$50,000
Mary Breanna Baily	Deputy Tax Collector	State Automobile Mutual Insurance Company	\$50,000
Monica S. Turner	Deputy Tax Collector	Old Republic Surety Company	\$50,000

MONTGOMERY COUNTY

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MONTGOMERY COUNTY

Notes to the Other information  
For the Year Ended September 30, 2015  
UNAUDITED

(1) Budgetary Comparison Information.

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

(2) Long-term Debt Information:

A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2015, the amount of outstanding debt was equal to 2.27% of the latest property assessments.

MONTGOMERY COUNTY

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MONTGOMERY COUNTY

SPECIAL REPORTS

MONTGOMERY COUNTY

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

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

Members of the Board of Supervisors  
Montgomery County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montgomery County, Mississippi (the County), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 28, 2017. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

**Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2015-001, 2015-003, 2015-004, 2015-005 and 2015-006 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as 2015-002 to be a significant deficiency.

## **Compliance and Other Matters**

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

We noted certain matters that we have reported to the management of Montgomery County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated June 28, 2017, included within this document.

## **Montgomery County's Responses to Findings**

Montgomery County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Montgomery County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

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



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 28, 2017



**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Members of the Board of Supervisors  
Montgomery County, Mississippi

**Report on Compliance for Each Major Federal Program**

We have audited Montgomery County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Montgomery County, Mississippi's major federal programs for the year ended September 30, 2015. Montgomery County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Montgomery County, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Montgomery County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, Montgomery County, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

## Report on Internal Control Over Compliance

Management of Montgomery County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Montgomery County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 28, 2017



**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

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

Members of the Board of Supervisors  
Montgomery County, Mississippi

We have examined Montgomery County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2015. The Board of Supervisors of Montgomery County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

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

Inventory Control Clerk.

Inventory reports should be filed timely.

Finding

Section 31-7-107, Miss. Code Ann (1972), requires inventory reports to be filed with the Board of Supervisors, in triplicate with copies forwarded to the Office of the State Auditor no later than October 15th of each fiscal year. The required inventory reports prepared by the Inventory Control Clerk were filed late with the Office of the State Auditor on January 14, 2016. Failure to prepare and file the annual reports timely is a violation of state law.

Recommendation

The Inventory Control Clerk should prepare inventory reports and file with the Board of Supervisors and forward copies to the Office of the State Auditor no later than October 15th of each fiscal year.

Inventory Control Clerk's Response

We will comply and submit this on time going forward.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Montgomery County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2015.

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

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

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



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 28, 2017

MONTGOMERY COUNTY  
 Schedule of Purchases From Other Than the Lowest Bidder  
 For the Year Ended September 30, 2015

Schedule 1

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
10/20/2014	Coliseum Fans	\$ 18,964	Big Ass Fan Co.	\$ 18,542	Installation included
1/20/2015	Ford Pickup Truck	37,345	Kirk Auto Co.	36,745	Engine size and location
3/31/2015	15' Rotary Cutter	14,299	Winona Tractor	13,900	Heavier deck and location
3/31/2015	Limestone	\$33 per ton	Dunham Inc.	\$22.25 per ton	Distance, efficiency, cost,
7/6/2015	Coliseum Sign	19,100	Jones Sign Co.	18,455	Included electrical hookup

MONTGOMERY COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2015

Schedule 2

Our tests did not identify any emergency purchases.

MONTGOMERY COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2015

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

MONTGOMERY COUNTY

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT**

Members of the Board of Supervisors  
Montgomery County, Mississippi

In planning and performing our audit of the financial statements of Montgomery County, Mississippi (the County) for the year ended September 30, 2015, we considered Montgomery County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Montgomery County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated June 28, 2017, on the financial statements of Montgomery County, Mississippi.

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

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

Board of Supervisors.

1. The County should perform periodic physical and logical access reviews.

Finding

As reported in the prior year's audit report, we noted during our review, that the county does not have both formal policies and procedures that cover granting or removing logical access for terminated employees. We also noted that the county does not periodically review the levels of access that active users have been granted and determine if the access is appropriate.

These reviews should include both physical and logical access. Physical access would be inclusive of buildings, rooms or cages where physical computer hardware and the supporting infrastructure such as wiring, environmental controls, etc. are housed. In dealing with physical access, reviews should include keys, proximity cards and biometric devices. An accurate inventory of such items issued for access should be kept and include the job title of persons with such access to facilitate review for appropriateness by management and auditors. Also, security of systems that control access such as personal computers that control proximity card access should also be under tight security controls.

Logical access usually refers to access to data and associated computer environments such as application software and operating systems. Areas that should be kept in mind in determining proper logical access are technical issues such as alternate indexes and back doors such as function keys and ability to travel directly from one menu to another. As with physical access user IDs such as those used for network, application, or database security administration should be highly restricted and protected.

#### Recommendation

We recommend that the county implement periodic reviews of access for all individual users. These reviews should include both physical and logical access. Documentation of such reviews should be retained for reference and audit purposes for a reasonable period. Such retention should be according to guidelines such as policies of the county and regulations such as Internal Revenue Service guidelines. The county should seek legal counsel in determining retention periods.

In determining the appropriateness of both physical and logical access the reviewer should remain cognizant of job responsibilities, prior job responsibilities which persons may have held that are no longer pertinent, level of expertise of the user, segregation of duties, and regulatory guidelines which may be applicable. Both logical and physical access should be covered by formal written policy for granting, terminating and changing access. These policies should be approved by management and distributed to employees through procedures that have those granted access to information assets indicate in writing or electronically that they have read and understand the policies and agree to follow them.

#### Board of Supervisors' Response

We are currently working on a control policy for this.

2. The Board of Supervisors should approve all interfund transfers.

#### Finding

Section 19-3-27, Miss. Code Ann. (1972), requires the board minutes to be a complete and correct record of all proceedings of the Board of Supervisors. Interfund transfers were made without being approved by the Board of Supervisors on the board minutes. Failure to have interfund transfers approved by the Board of Supervisors could result in the misuse or loss of public funds.

#### Recommendation

The Board of Supervisors should spread orders on the minutes with detailed information as to funds, amounts and the purpose relative to the interfund transfers.

#### Board of Supervisors' Response

This will not happen going forward.

3. The County should implement a formal Information Security Policy

#### Finding

Montgomery County should update its Information Security Policy or Enterprise Security Plan to include basic security practices in the areas of application security, LAN/WAN security, management of the security application and Internet protocol.

#### Recommendation

A robust set of Information Technology Policies should cover at least the following areas:

- Acceptable Use
- Portable Computing
- Change Management
- Encryption

- Security Incident Response
- Risk Management
- Backup and Recovery
- Business Continuity / Disaster Recovery

We recommend that Montgomery County update its plan of compliance with industry standards to ensure progress towards a robust documented information security plan. This policy should be reviewed and approved by County supervisors. In addition, employees that utilize technology should review and accept such policies before access to computer resources are granted to employees. Proof of approval by management and acceptance by employees should be retained for review by auditors.

#### Board of Supervisors' Response

We are working on a policy for this.

Chancery Clerk.

4. Controls over the Chancery Clerk's land redemption/delinquent tax account should be strengthened.

#### Finding

Section 27-45-1, Miss. Code Ann. (1972), requires the Chancery Clerk to settle land redemption collections within 20 days after the end of each month. The Chancery Clerk should make monthly settlements based on collections. We noted the following errors during an examination of the land redemption account:

- a. A receipt was recorded twice, once without accepting payment, and both receipts were settled resulting in an over settlement of the April 2016 collections and a shortage of the \$393.39 release amount in the delinquent tax bank account.
- b. In May 2016, a bad check of \$2,430 was received by the Chancery Clerk. The bad check was recovered from the tax payer and redeposited in June 2016; however, the May settlement had already been made resulting in an overdraft of the Chancery Clerk's delinquent tax bank account. In all, three overdraft fees of \$35 each were charged to the bank account of which only one was recovered from the tax payer that wrote the bad check.
- c. In July 2016, \$1,154.76 of funds in the prior Chancery Clerk's delinquent tax bank account remaining after all outstanding checks had cleared was settled to the current Chancery Clerk's delinquent tax bank account instead of settling that money to the Board of Supervisors.

These errors were the result of inadequate controls over collections and settlements.

Failure to properly record and settle land redemption releases could result in the loss or misappropriation of public funds.

#### Recommendation

The Chancery Clerk should only settle land redemption receipts that were actually collected. Every effort should be made to determine the cause of any errors in receipting before action is taken, bad checks should not be settled until payment has been received and the Chancery Clerk should pay into the land redemption account any unrecovered shortage in the land redemption bank account. Also, the Chancery Clerk should settle the balance remaining in the prior Chancery Clerk's delinquent tax account to the Board of Supervisors as unidentified funds. Finally, controls should be put in place to ensure that bank statements are properly reconciled and any errors are detected and corrected in a timely manner.

#### Chancery Clerk's Response

We will comply with the recommendation.

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

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

A handwritten signature in black ink, appearing to read "Joe E. Mcknight". The signature is written in a cursive, flowing style.

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

June 28, 2017

MONTGOMERY COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MONTGOMERY COUNTY

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MONTGOMERY COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2015

Section 1: Summary of Auditor's Results

**Financial Statements:**

- |                                                                 |            |
|-----------------------------------------------------------------|------------|
| 1. Type of auditor's report issued on the financial statements: |            |
| Governmental activities                                         | Unmodified |
| Aggregate discretely presented component units                  | Adverse    |
| General Fund                                                    | Unmodified |
| Unit System Road and Bridge Maintenance Fund                    | Unmodified |
| Aggregate remaining fund information                            | Unmodified |
| 2. Internal control over financial reporting:                   |            |
| a. Material weaknesses identified?                              | Yes        |
| b. Significant deficiencies identified?                         | Yes        |
| 3. Noncompliance material to the financial statements noted?    | No         |

**Federal Awards:**

- |                                                                                                                                  |               |
|----------------------------------------------------------------------------------------------------------------------------------|---------------|
| 4. Internal control over major federal programs:                                                                                 |               |
| a. Material weaknesses identified?                                                                                               | No            |
| b. Significant deficiency identified?                                                                                            | None Reported |
| 5. Type of auditor's report issued on compliance for major federal programs:                                                     | Unmodified    |
| 6. Any audit finding(s) disclosed that are required to be reported in accordance with Section ___ .510(a) of OMB Circular A-133? | No            |
| 7. Identification of major federal programs:                                                                                     |               |
| a. CFDA # 23.011, Appalachian research, technical assistance, and demonstration projects                                         |               |
| b. CFDA # 90.201, Delta area economic development                                                                                |               |
| 8. Dollar threshold used to distinguish between type A and type B programs:                                                      | \$300,000     |
| 9. Auditee qualified as low-risk auditee?                                                                                        | No            |

MONTGOMERY COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2015

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2015-001. An adequate system of internal control over payroll procedures should be implemented.

Finding

An effective system of internal control over the county payroll should include proper segregation of duties, proper authorization of payroll and documentation for all withholdings, deductions, leave and hours worked. As reported in prior year's audit report, inadequate controls exist in the payroll function. The employment and salaries of county employees are not filed in the individual personnel files. This is due to a lack of segregation of duties and management oversight. Without proper controls inaccurate payroll checks could be processed.

Recommendation

Documentation for all payroll and employment status changes should be kept in each individual personnel file.

Board of Supervisors' Response

We will attempt to create measures to correct this issue with the personnel currently available.

Significant Deficiency

2015-002. The County should establish and test a disaster recovery process.

Finding

As reported in the prior two year's audit reports, we noted that the County has not established a disaster recovery process. As a result, Montgomery County cannot fully ensure that the County's information systems can be restored in a timely manner. Disaster recovery involves defining and documenting plans to help sustain and recover critical information technology resources, information systems, and associated business functions. *Control Objectives for Information and Related Technology* (CobiT, Section DS4), as well as recognized industry best practices, require a written disaster recovery plan be developed and tested regularly to provide orderly recovery of vital functions in the event of a hardware or environmental disaster. Failure to maintain an adequate recovery plan could impede the County's ability to regain computer operations in the event of a disaster.

There are a number of steps that an organization can take to prevent or minimize the damage to automated operations that may occur from unexpected events. One example is routinely backing up data files and programs and periodically restoring these files and programs as part of a formal, documented disaster recovery exercise. Such actions maintain the organization's ability to restore data files, which may be impossible to re-create.

Montgomery County is currently using an automated system to perform daily back-ups of the AS400, but is not restoring such files as part of a formal, documented disaster recovery exercise. Without proper assurance that back-up files can be utilized to adequately restore all critical data in a timely manner in the event of disaster scenario, material damage could be realized by the County and its processes should a catastrophic event occur involving the County's building and servers. Risk and probabilities of material loss escalates in relationship to the longer an exposure goes unmitigated.

MONTGOMERY COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2015

Recommendation

We recommend that Montgomery County develop, implement, and test a plan to insure that critical data and applications are recoverable in case of a disaster scenario. In order to do this it will be necessary to gain an understanding from vendors involved in the backup process of the types of backups that should be created, on what frequency these backups should be created, the processes necessary to create the various types of backups and the responsibilities of the various parties involved, including county personnel and vendor personnel. Furthermore, these procedures and responsibilities should be documented and agreed upon by all parties involved.

We further recommend that Montgomery County develop and implement a disaster recovery plan documenting procedures to be followed during an emergency. Once the plan is completed, it should be subjected to proper testing, and employees should be made aware of their responsibilities in the event of a disaster. The plan should be stored in a safe accessible location and updated when needed in order to maintain readiness for a disaster scenario.

Board of Supervisors' Response

We will comply.

Chancery Clerk.

Material Weakness

2015-003      Controls over cash collections and disbursements in the Chancery Clerk's office should be strengthened.

Finding

An effective system of internal control should include an adequate segregation of duties. As reported in the prior four years' audit reports, cash collection and disbursement functions are not adequately segregated for effective internal control. One employee receipts cash, prepares deposit slips, posts to the detail general ledger, reconciles the bank statements and disburses all funds. Failure to have an adequate segregation of duties could result in the loss of public funds.

Recommendation

Accounting functions involving receipting and disbursing of funds, recording of funds and reconciling of accounts should be properly segregated.

Chancery Clerk's Response

We will attempt to create measures to correct this issue with the personnel currently available.

Material Weakness

2015-004.      Bank statements should be properly reconciled and have adequate supporting documentation.

Finding

An effective system of internal control over accounting records should include a properly reconciled bank statement to the County's general ledger trial balance. We noted the following weaknesses concerning reconciling items on bank reconciliations:

- a.      Reconciling items were not adequately identified as to source or reason.
- b.      Supporting documentation was not included for reconciling items.
- c.      Overages and shortages were not investigated as to cause.

MONTGOMERY COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2015

- d. Adjusting entries were made to cash without approval for overages and shortages.
- e. Outstanding deposits were not individually identified as to date and amount and source.
- f. A complete bank reconciliation including cash in bank report was not maintained on file.
- g. Direct deposits were not recorded in the proper month.

Failure to properly reconcile bank statements, could lead to misstatement of financial statements and the loss of county funds.

Recommendation

The Chancery Clerk should review bank reconciliations and documentation for reconciling items. The Chancery Clerk should ensure that reconciling items are legitimate. The bookkeeper should identify any problems associated with a reconciling item before making an adjustment. Overages and shortages should be investigated as to cause. Adjustments should be presented to the Chancery Clerk/Comptroller for approval. The bookkeeper should monitor bank accounts online and record direct deposits.

Chancery Clerk's Response

We will comply with the recommendation.

Circuit Clerk.

Material Weakness

2015-005. Controls over cash collections and disbursements in the Circuit Clerk's office should be strengthened.

Finding

An effective system of internal control should include an adequate segregation of duties. As reported in the prior four years' audit reports, cash collection and disbursement functions in the Circuit Clerk's office are not adequately segregated for effective internal control. The Circuit Clerk receipts cash, posts the cash journal, calculates the monthly settlements and disburses the funds and reconciles the bank statements. Failure to have an adequate segregation of duties could result in the loss of public funds.

Recommendation

The Circuit Clerk should implement a system for review of the accounting records by another person.

Circuit Clerk's Response

With only two (2) individuals in this office, it is impossible to completely segregate responsibilities; however, as much as possible, we try to do so. As much as possible, my deputy clerk receipts and deposits the funds coming into this office. When making a deposit, she prints a "Deposit Report" which lists, among other things, a receipt number, the payer of the funds received, and the amount of each payment. I then print a "Cash Journal" which lists, among other things, a receipt number, the payer of the funds received, the amount of each payment received, and breaks the funds down, i.e., clerk's fees, law library, copies, record search, etc. The "Report Total" on the Deposit Report and the "Ending Balance" on the Cash Journal must be the same. My deputy clerk has limited access to our system and does not have access to the Cash Journal.

MONTGOMERY COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2015

Tax Collector.

Material Weakness

2015-006. Controls over cash collections and disbursements in the Tax Collector's office should be strengthened.

Finding

An effective system of internal control should include an adequate segregation of duties. As reported in the prior four years' audit reports, cash collection and disbursement functions in the Tax Collector's office are not adequately segregated for effective internal control. The Tax Collector receipts cash, prepares deposits, calculates the monthly settlements, posts the cash journal, reconciles the bank statements and disburses all funds. Failure to have an adequate segregation of duties could result in the loss of public funds.

Recommendation

The Tax Collector should implement a system for review of the accounting records by another person.

Tax Collector's Response

I will try to comply as best I can to get help with the accounting records.

Section 3: Federal Award Findings and Questioned Costs

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