

# CLARKE COUNTY, MISSISSIPPI

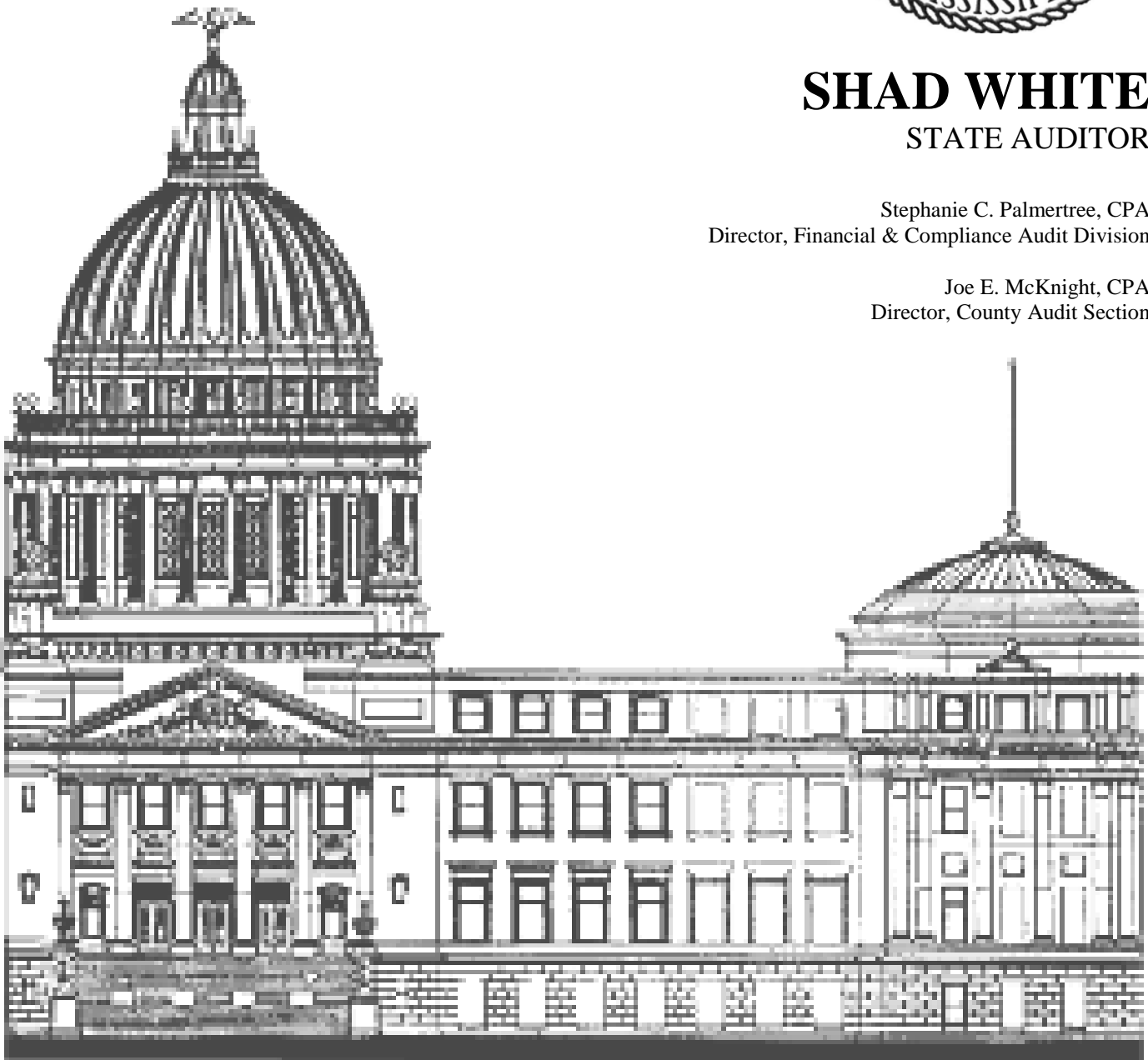
Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2018



**SHAD WHITE**  
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

[www.osa.state.ms.us](http://www.osa.state.ms.us)









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

**Shad White**  
AUDITOR

July 23, 2020

Members of the Board of Supervisors  
Clarke County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2018 financial and compliance audit report for Clarke 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 Clarke County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Clarke County. If I or this office can be of any further assistance, please contact me or Joe McKnight of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White", with a large, loopy flourish at the end.

Shad White



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CLARKE COUNTY

FINANCIAL SECTION

CLARKE COUNTY

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**SHAD WHITE**  
AUDITOR

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Clarke 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 Clarke County, Mississippi, (the County) as of and for the year ended September 30, 2018, 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 Clarke County, Mississippi, as of September 30, 2018, 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 above present fairly, in all material respects, the respective cash basis financial position of the Governmental Activities, the General Fund, the General Road Fund, and the aggregate remaining fund information of Clarke County, Mississippi, as of September 30, 2018, 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 Clarke 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 Clarke County, Mississippi's basic financial statements. The accompanying Schedule of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Operating Costs of Solid Waste 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 Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2020 on our consideration of Clarke County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Clarke County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clarke County, Mississippi's internal control over financial reporting and compliance.

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

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

July 23, 2020

CLARKE COUNTY

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CLARKE COUNTY

FINANCIAL STATEMENTS

CLARKE COUNTY

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CLARKE COUNTY  
Statement of Net Position - Cash Basis  
September 30, 2018

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 4,439,075
Total Assets	<u>4,439,075</u>
NET POSITION	
Restricted:	
Expendable:	
General government	171,925
Public safety	555,737
Public works	1,054,582
Conservation of natural resources	72,398
Economic development and assistance	107
Debt service	55,495
Unemployment compensation	29,583
Unrestricted	<u>2,499,248</u>
Total Net Position	<u>\$ 4,439,075</u>

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

CLARKE COUNTY  
Statement of Activities - Cash Basis  
For the Year Ended September 30, 2018

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	\$ 3,259,809	367,269	10,173		(2,882,367)
Public safety	3,094,984	483,305	137,106	1,600	(2,472,973)
Public works	5,059,478	52,677	1,069,161	198,814	(3,738,826)
Health and welfare	106,436		59,730	237	(46,469)
Culture and recreation	49,695		51,458		1,763
Conservation of natural resources	208,565		16,374		(192,191)
Economic development and assistance	24,952				(24,952)
Debt service:					
Principal	443,295				(443,295)
Interest	51,193				(51,193)
Total Governmental Activities	\$ 12,298,407	903,251	1,344,002	200,651	(9,850,503)
General receipts:					
Property taxes				\$	8,274,637
Road & bridge privilege taxes					211,438
Grants and contributions not restricted to specific programs					698,530
Unrestricted interest income					55,755
Miscellaneous					117,048
Proceeds from debt issuance					397,158
Sale of county property					354,717
Total General Receipts and Other Cash Sources					10,109,283
Changes in Net Position					258,780
Net Position - Beginning					4,180,295
Net Position - Ending				\$	4,439,075

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

CLARKE COUNTY  
Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
September 30, 2018

Exhibit 3

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>General Road</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
ASSETS				
Cash	\$ 2,499,248	1,003,509	936,318	4,439,075
Total Assets	<u>\$ 2,499,248</u>	<u>1,003,509</u>	<u>936,318</u>	<u>4,439,075</u>
FUND BALANCES				
Restricted for:				
General government	\$		171,925	171,925
Public safety			555,737	555,737
Public works		1,003,509	51,073	1,054,582
Conservation of natural resources			72,398	72,398
Economic development and assistance			107	107
Debt service			55,495	55,495
Unemployment compensation			29,583	29,583
Unassigned	<u>2,499,248</u>			<u>2,499,248</u>
Total Fund Balances	<u>\$ 2,499,248</u>	<u>1,003,509</u>	<u>936,318</u>	<u>4,439,075</u>

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

## CLARKE COUNTY

Exhibit 4

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -  
Governmental Funds  
For the Year Ended September 30, 2018

	Major Funds		Other	Total
	General Fund	General Road Fund	Governmental Funds	Governmental Funds
RECEIPTS				
Property taxes	\$ 6,245,620	649,216	1,379,801	8,274,637
Road and bridge privilege taxes		211,438		211,438
Licenses, commissions and other receipts	135,035	3,260		138,295
Fines and forfeitures	227,606		3,648	231,254
Intergovernmental receipts	1,153,032	726,612	363,539	2,243,183
Charges for services	35,961		497,741	533,702
Interest income	43,247	6,063	6,445	55,755
Miscellaneous receipts	92,578	1,832	22,638	117,048
Total Receipts	<u>7,933,079</u>	<u>1,598,421</u>	<u>2,273,812</u>	<u>11,805,312</u>
DISBURSEMENTS				
General government	3,033,254		226,555	3,259,809
Public safety	2,475,440		619,544	3,094,984
Public works	477,235	3,042,326	1,539,917	5,059,478
Health and welfare	106,436			106,436
Culture and recreation	43,423		6,272	49,695
Conservation of natural resources	51,817		156,748	208,565
Economic development and assistance	12,953		11,999	24,952
Debt Service:				
Principal	44,529	143,780	254,986	443,295
Interest	1,177	7,692	42,324	51,193
Total Disbursements	<u>6,246,264</u>	<u>3,193,798</u>	<u>2,858,345</u>	<u>12,298,407</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>1,686,815</u>	<u>(1,595,377)</u>	<u>(584,533)</u>	<u>(493,095)</u>
OTHER CASH SOURCES (USES)				
Proceeds from long-term debt issuance		397,158		397,158
Sale of county property		154,717	200,000	354,717
Transfers in		1,370,902	305,492	1,676,394
Transfers out	(1,474,265)		(202,129)	(1,676,394)
Total Other Cash Sources and Uses	<u>(1,474,265)</u>	<u>1,922,777</u>	<u>303,363</u>	<u>751,875</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>212,550</u>	<u>327,400</u>	<u>(281,170)</u>	<u>258,780</u>
Cash Basis Fund Balances - Beginning, as previously reported	2,210,605	677,933	1,291,757	4,180,295
Prior period adjustment(s)	76,093	(1,824)	(74,269)	0
Cash Basis Fund Balances - Beginning, as restated	<u>2,286,698</u>	<u>676,109</u>	<u>1,217,488</u>	<u>4,180,295</u>
Cash Basis Fund Balances - Ending	<u>\$ 2,499,248</u>	<u>1,003,509</u>	<u>936,318</u>	<u>4,439,075</u>

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

CLARKE COUNTY  
Statement of Fiduciary Assets and Liabilities - Cash Basis  
September 30, 2018

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 296,398
Total Assets	\$ <u>296,398</u>
LIABILITIES	
Amounts held in custody for others	\$ 296,398
Total Liabilities	\$ <u>296,398</u>

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

CLARKE COUNTY

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## CLARKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2018

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

##### A. Financial Reporting Entity.

Clarke 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 Clarke 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.

- Clarke County Airport Board
- Clarke 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.

## CLARKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2018

Taxes and other receipts not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the County.

#### Fund Financial Statements:

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

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

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

The County reports the following major Governmental Funds:

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

General Road 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.

#### FIDUCIARY FUND TYPE

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

#### D. Account Classifications.

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



## CLARKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2018

#### 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.

*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.

# CLARKE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2018

### 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, 2018, was \$4,735,473, and the bank balance was \$4,774,698. 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. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

### (3) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2018:

Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Road Fund	General Fund	\$ 1,170,902
General Road Fund	Other Governmental Funds	200,000
Other Governmental Funds	General Fund	303,363
Other Governmental Funds	Other Governmental Funds	2,129
Total		\$ <u>1,676,394</u>

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

## CLARKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2018

#### (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, 2018, to January 1, 2019. 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) Joint Ventures.

The County participates in the following joint ventures:

Clarke County is a participant with Jasper County in a joint venture, authorized by Section 39-3-11, Miss. Code Ann. (1972), to operate the East Mississippi Regional Library System. The joint venture was created to provide free public library service to citizens of the respective counties, and is governed by a five-member board. The two counties rotate board appointments so that each County has a majority of board members in alternate years. Each County is obligated by contract to levy not less than one-half mill tax as provided by Section 39-3-35, Miss. Code Ann. (1972), for the ongoing financial support of the joint venture. For fiscal year 2018, Clarke County contributed \$104,500. Complete financial statements for the East Mississippi Regional Library System can be obtained from the East Mississippi Regional Library, Quitman, Mississippi.

Criminal Investigation Division is a joint venture that operates in a district composed of Clarke County, MS and the City of Quitman, MS. It was created to further the pursuit of criminal activity within the district. The board of trustees for this division is composed of the participating governments' sheriff and police chief. The City of Quitman is over the bank account and funds associated with this division. The County contributed \$5,555 for the support of the division in fiscal year 2018.

#### (7) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Mid-Mississippi Development District operates in a district composed of the counties of Clarke, Jasper, Lauderdale, Newton, Scott and Smith. The district was organized to foster, encourage and facilitate economic development in the member counties. The County provided no financial support for the district in fiscal year 2018.

## CLARKE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2018

Central Mississippi Emergency Medical Services District is composed of the counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren and Yazoo counties. The Clarke County Board of Supervisors appoints two of the 26 members of the board. The County provided no financial support for the district in fiscal year 2018.

East Central Planning and Development District operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Clarke County Board of Supervisors appoints one of the 15 members of the board of directors. The County contributed \$12,953 for support of the district in fiscal year 2018.

Jones County Junior College operates in a district composed of the counties of Clarke, Covington, Greene, Jasper, Jones, Perry, Smith and Wayne. The Clarke County Board of Supervisors appoints two of the 25 members of the college board of trustees. The County contributed \$353,171 for maintenance and support of the college in fiscal year 2018.

Multi-County Community Service Agency operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Newton and Wayne. The entity was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Clarke County Board of Supervisors appoints one of the 24 members of the board of directors. Most of the funding for the entity is derived from federal sources. The County provided no financial support for the agency in fiscal year 2018.

Region Ten, Weems Community Mental Health operates in a district composed of the counties of Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott and Smith. The Clarke County Board of Supervisors appoints one of the nine members of the board of commissioners. The County contributed \$26,012 for support of the commission in fiscal year 2018.

Regional Railroad Authority of East Mississippi was created in September 2009 by Clarke, George, Greene and Wayne counties; Lauderdale County's membership was effective a month later. The Authority was created to preserve, develop, and maintain rail service in the member counties. Each member county appoints five commissioners to the Board of Commissioners of the Authority, while any municipality in each of these counties through which such railroad run appoints one commissioner. The County provided no financial support for the district in fiscal year 2018.

#### (8) Defined Benefit Pension Plan.

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

Funding Policy. At September 30, 2018, 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, 2018 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, 2018, 2017 and 2016 were \$610,126, \$597,086 and \$586,800, respectively, equal to the required contributions for each year.

CLARKE COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2018

(9) Tax Abatements.

As of September 30, 2018, Clarke County provides tax exempt status to five manufacturing companies and one construction company subject to the requirements of GASB Statement No. 77. These manufacturing companies and this construction company are exempt from real property taxes and personal property taxes except for levies involving the school; the mandatory mill and the community college tax levies. These exemptions are authorized under Sections 27-31-101 and 27-31-105 of the Miss. Code Ann. (1972). These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2018 totaled \$142,614.

CLARKE COUNTY

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CLARKE COUNTY

SUPPLEMENTARY INFORMATION

CLARKE COUNTY

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CLARKE COUNTY  
Schedule of Operating Costs of Solid Waste  
For the Year Ended September 30, 2018

Operating Disbursements, Cash Basis:

Salaries	\$	577,225
Expendable Commodities:		
Gasoline and petroleum products		63,590
Repair parts		51,119
Contractual garbage disposal fees		132,462
Maintenance		12,967
Insurance on equipment		6,113
Supplies		<u>27,256</u>
Solid Waste Operating Costs Disbursements	\$	<u><u>870,732</u></u>

CLARKE COUNTY

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CLARKE COUNTY

OTHER INFORMATION

CLARKE COUNTY

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CLARKE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2018  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 6,521,059	6,245,620	6,245,620	
Licenses, commissions and other receipts	80,650	124,787	135,035	10,248
Fines and forfeitures	203,200	221,968	227,606	5,638
Intergovernmental receipts	1,065,053	1,158,670	1,153,032	(5,638)
Charges for services	25,600	35,961	35,961	
Interest income	24,000	43,247	43,247	
Miscellaneous receipts	10,000	102,826	92,578	(10,248)
Total Receipts	<u>7,929,562</u>	<u>7,933,079</u>	<u>7,933,079</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	5,340,111	3,033,254	3,033,254	
Public safety	2,928,929	2,475,440	2,475,440	
Public works	494,391	477,235	477,235	
Health and welfare	124,682	106,436	106,436	
Culture and recreation	42,388	43,423	43,423	
Conservation of natural resources	56,309	51,817	51,817	
Economic development and assistance	12,958	12,953	12,953	
Debt service:				
Principal		44,529	44,529	
Interest		1,177	1,177	
Total Disbursements	<u>8,999,768</u>	<u>6,246,264</u>	<u>6,246,264</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(1,070,206)</u>	<u>1,686,815</u>	<u>1,686,815</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Proceeds from debt	198,000			
Transfers out		(1,474,265)	(1,474,265)	0
Total Other Cash Sources and Uses	<u>198,000</u>	<u>(1,474,265)</u>	<u>(1,474,265)</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(872,206)</u>	<u>212,550</u>	<u>212,550</u>	<u>0</u>
Cash Basis Fund Balances - Beginning	617,717	2,210,605	2,210,605	0
Prior period adjustment			76,093	76,093
Cash Basis Fund Balances - Ending	<u>\$ (254,489)</u>	<u>2,423,155</u>	<u>2,499,248</u>	<u>76,093</u>

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

CLARKE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Road Fund  
 For the Year Ended September 30, 2018  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Property taxes	\$ 2,017,900	649,216	649,216	
Road and bridge privilege taxes		156,102	211,438	55,336
Licenses, commissions and other receipts	860,742	58,596	3,260	(55,336)
Intergovernmental receipts		726,612	726,612	
Interest income		6,063	6,063	
Miscellaneous receipts		1,832	1,832	
Total Receipts	<u>2,878,642</u>	<u>1,598,421</u>	<u>1,598,421</u>	<u>0</u>
<b>DISBURSEMENTS</b>				
Current:				
Public works	2,753,912	3,042,326	3,042,326	
Debt service:				
Principal	124,730	143,780	143,780	
Interest		7,692	7,692	
Total Disbursements	<u>2,878,642</u>	<u>3,193,798</u>	<u>3,193,798</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>0</u>	<u>(1,595,377)</u>	<u>(1,595,377)</u>	<u>0</u>
<b>OTHER CASH SOURCES (USES)</b>				
Proceeds from debt		397,158	397,158	
Sale of county property		154,717	154,717	
Transfers in		1,370,902	1,370,902	
Total Other Cash Sources and Uses	<u>0</u>	<u>1,922,777</u>	<u>1,922,777</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>0</u>	<u>327,400</u>	<u>327,400</u>	<u>0</u>
Cash Basis Fund Balances - Beginning	(628,531)	677,933	677,933	0
Prior period adjustment			(1,824)	(1,824)
Cash Basis Fund Balances - Ending	<u>\$ (628,531)</u>	<u>1,005,333</u>	<u>1,003,509</u>	<u>(1,824)</u>

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

CLARKE COUNTY  
Schedule of Interfund Advances  
For the Year Ended September 30, 2018  
UNAUDITED

The following is a summary of interfund balances at September 30, 2018:

A. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Balance at Sept. 30, 2018</u>
Other Governmental Funds	General Road Fund	\$ <u>7,820</u>

The amount payable to Other Governmental Funds represents an operating loan. All advances are not expected to be repaid within one year from the date of the financial statements.

CLARKE COUNTY  
Schedule of Capital Assets  
For the Year Ended September 30, 2018  
UNAUDITED

**Governmental activities:**

	Balance Oct. 1, 2017	Additions	Deletions	Balance Sept. 30, 2018
Land	\$ 365,605			365,605
Infrastructure	62,778,537			62,778,537
Buildings	12,194,389	49,200		12,243,589
Improvements other than buildings	1,147,059			1,147,059
Mobile equipment	7,905,296	537,129	342,932	8,099,493
Furniture and equipment	1,403,234	24,333	7,000	1,420,567
Leased property under capital leases	636,725	397,158		1,033,883
Total capital assets	\$ 86,430,845	1,007,820	349,932	87,088,733



CLARKE COUNTY

Schedule of Changes in Long-term Debt

For the Year Ended September 30, 2018

UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2018:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2017	Issued	Principal Payments	Balance Sept. 30, 2018
<b>Governmental Activities:</b>							
A. General Obligation Bonds:							
EMEPA Bonds - JCJC Center	02/18/2014	11/01/2023	0.00%	\$ 931,852		151,110	780,742
B. Capital Leases:							
(4) Dodge Durango sheriff vehicles	07/18/2016	07/18/2019	1.89%	82,295		44,529	37,766
(2) John Deere tractors w/ boom hogs	03/06/2017	03/06/2020	2.10%	201,949		79,488	122,461
(3) Caterpillar backhoe loaders	01/02/2018	03/01/2021	2.22%		397,158	64,292	332,866
(2) 2017 Mack dump trucks	01/03/2017	01/03/2020	1.99%	248,258		20,598	227,660
C. Other Loans:							
*USA Fabrics expansion loan	03/06/2004	08/01/2014	3.00%	203,628			203,628
*Citadel Building Products expansion loan	07/25/2006	07/01/2013	3.00%	151,974			151,974
JCJC Building	07/22/2013	07/22/2033	2.00%	1,860,987		83,278	1,777,709
Total				\$ 3,680,943	397,158	443,295	3,634,806

\*USA Fabrics and Citadel Building Products are no longer in business and the County is no longer making principal and interest payments on their behalves. In 2015, the County wrote this debt off. During 2016, Mississippi Development Authority informed the County that the County would be held liable for this debt.

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

CLARKE COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2018  
UNAUDITED

Name	Position	Company	Bond
Darrick Marshall	Supervisor District 1	Western Surety Company	\$100,000
Lorenzo Carter	Supervisor District 2	Western Surety Company	\$100,000
Troy Smith	Supervisor District 3	Western Surety Company	\$100,000
Paul Mosley	Supervisor District 4	Western Surety Company	\$100,000
Mickey Long	Supervisor District 5	Western Surety Company	\$100,000
Stephen Myrick	County Administrator	Western Surety Company	\$100,000
Angie Chisolm	Chancery Clerk	Western Surety Company	\$100,000
Suzanne Dennis	Purchase Clerk	Western Surety Company	\$75,000
Mary Mosley	Purchase Clerk	Western Surety Company	\$75,000
Laporshe Jones	Assistant Purchase Clerk	Western Surety Company	\$10,000
Stephen Myrick	Assistant Purchase Clerk	Western Surety Company	\$50,000
Larry Lucas	Receiving Clerk	Western Surety Company	\$75,000
Tom M. Henderson	Receiving Clerk	Western Surety Company	\$75,000
Mary Nicole Haddox	Assistant Receiving Clerk	Western Surety Company	\$50,000
Patricia Howze	Assistant Receiving Clerk	Western Surety Company	\$50,000
Susan Bonner	Inventory Control Clerk	Western Surety Company	\$75,000
Terry Starks	Road Manager	Western Surety Company	\$50,000
Brian Dace	Road Manager	Western Surety Company	\$50,000
Ryan Evans	Constable	Western Surety Company	\$50,000
Beverly Trotter	Constable	Western Surety Company	\$50,000
Beth Doggett Jordan	Circuit Clerk	Western Surety Company	\$100,000
Sally Wedgeworth	Deputy Circuit Clerk	Western Surety Company	\$50,000
Wanda J. Hearn	Deputy Circuit Clerk	Western Surety Company	\$50,000
Todd Kemp	Sheriff	Western Surety Company	\$100,000
Toby Lee Bartee	Justice Court Judge	Western Surety Company	\$50,000
Terry L. Bonner	Justice Court Judge	Western Surety Company	\$50,000
Casey Lynn Bozeman	Justice Court Clerk	Western Surety Company	\$50,000
Terina Pyffer	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Sheila Smith	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Hope Herrington	Tax Assessor-Collector	Western Surety Company	\$100,000
Audrey LeAnn Hollis	Deputy Tax Assessor	Western Surety Company	\$10,000
Angela Burke	Deputy Tax Assessor	Western Surety Company	\$10,000
Gabriele Rawson	Deputy Tax Assessor	Western Surety Company	\$10,000
Lula Cooper	Deputy Tax Collector	Western Surety Company	\$50,000
Rick Lewis	Deputy Tax Collector	Western Surety Company	\$50,000
Cristal Lewis	Deputy Tax Collector	Western Surety Company	\$50,000
Mary V. Ligon	Deputy Tax Collector	Western Surety Company	\$50,000
Penny Gunn	Deputy Tax Collector	Western Surety Company	\$50,000

# CLARKE COUNTY

## Notes to Other Information For the Year Ended September 30, 2018

### (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, 2018, the amount of outstanding debt was equal to 0.53% of the latest property assessments.

#### B. Subsequent Events.

Subsequent to September 30, 2018, the County issued the following debt obligations:

Issue Date	Interest Rate	Issue Amount	Type of Financing	Source of Financing
05/13/2019	3.99%	\$ 143,885	Capital lease	Ad valorem taxes
12/02/2019	3.27%	222,400	Capital lease	Ad valorem taxes
04/20/2020	2.35%	122,550	Capital lease	Ad valorem taxes
04/20/2020	2.35%	150,150	Capital lease	Ad valorem taxes
04/20/2020	2.35%	305,950	Capital lease	Ad valorem taxes
05/07/2020	2.50%	3,000,000	General obligation bond	Ad valorem taxes

CLARKE COUNTY

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## CLARKE COUNTY

## SPECIAL REPORTS

CLARKE COUNTY

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**SHAD WHITE**  
AUDITOR

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

Members of the Board of Supervisors  
Clarke County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clarke County, Mississippi (the County), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 23, 2020. 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 Clarke 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 Clarke County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2018-001 that we consider to be a material weakness.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Clarke County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and

accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Clarke 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 July 23, 2020, included within this document.

#### **Clarke County's Response to Finding**

Clarke County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Clarke County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### **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.

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

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

July 23, 2020





**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**SHAD WHITE**  
AUDITOR

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

Members of the Board of Supervisors  
Clarke County, Mississippi

We have examined Clarke 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, 2018. The Board of Supervisors of Clarke 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 Clarke County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

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

Purchase Clerk.

- |    |  |
|----|--|
| 1. | <u>The Purchase Clerk should strengthen controls to ensure compliance with state law with having required documentation.</u> |
|----|--|

Repeat Finding	Yes
----------------	-----

Criteria	Section 31-7-103, Miss. Code Ann. (1972), requires a requisition, purchase order and receiving report for all purchases, except for those items enumerated by the Office of the State Auditor under the authority of Section 31-7-113, Miss. Code Ann. (1972), and except for purchases of not more than \$100.
----------	---

Condition	As reported in the prior year's audit, we noted some instances in which purchasing documentation was not available with the claim. Purchasing documentation includes: purchase requisitions, purchase orders, receiving reports, invoices, and quotes (if applicable).
Cause	The County has a weakness in the control environment.
Effect	Failure to complete and retain these documents could result in the loss or misappropriation of public funds.
Recommendation	The Purchase Clerk should ensure that the purchasing documents are present and completed with sufficient detail and specific amounts, as required, prior to ordering the respective commodity.
Views of Responsible Official(s)	This was prior to me taking this position. I will try my best to ensure all documents are presented.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Clarke County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2018.

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.

Clarke 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 Clarke 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

July 23, 2020

## CLARKE COUNTY

Schedule 1Schedule of Purchases From Other Than the Lowest Bidder  
For the Year Ended September 30, 2018

<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>
10/23/2017	2018 CHU613 Mack Tandem Truck	\$ 111,458	Tri-State Truck Center	\$ 105,000	Delivery was needed as quickly as possible to replace a wrecked truck.

CLARKE COUNTY

Schedule of Emergency Purchases

For the Year Ended September 30, 2018

Schedule 2

Our tests did not identify any emergency purchases.

CLARKE COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2018

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

CLARKE COUNTY

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**SHAD WHITE**  
AUDITOR

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

Members of the Board of Supervisors  
Clarke County, Mississippi

In planning and performing our audit of the cash basis financial statements of Clarke County, Mississippi (the County) for the year ended September 30, 2018, we considered Clarke 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 Clarke 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 July 23, 2020, on the financial statements of Clarke 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. Assistant purchase clerk should be properly bonded.

Repeat Finding                      No

Criteria                                Section 31-7-124, Miss. Code Ann. (1972), requires each assistant purchase clerk to execute a bond in a penalty not less than \$50,000, to be payable, conditioned and approved as provided by law.

Condition                            One of the assistant purchase clerks was only bonded for \$10,000 during the fiscal year 2018.

Cause                                    The County did not comply with state law.

Effect                                    Failure to comply with statute would limit the amount available for recovery if a loss occurred.

Recommendation	The County should ensure that all assistant purchase clerks are bonded in accordance with state law.
Views of Responsible Official(s)	The County has been made aware of the oversight for the amount of the bond needed for the assistant purchase clerk. A bond was properly secured and the bond amount will be adjusted to comply with state law.
2.	<u>Interfund transfers were not approved by the Board of Supervisors.</u>
Repeat Finding	No
Criteria	Section 19-3-27, Miss. Code Ann. (1972), requires a complete and correct record be maintained for all proceedings of the Board of Supervisors.
Condition	Inter-fund transfers were made without the board's approval nor were they printed in the minutes.
Cause	The Board of Supervisors did not comply with state law.
Effect	The failure to obtain board approval for interfund transfers could result in erroneous amounts reported and increases the possibility of the loss or misuse of public funds.
Recommendation	The Board of Supervisors should spread complete orders on the minutes relative to inter-fund transfers.
Views of Responsible Official(s)	After discussion with responsible parties, it is believed that this incident of not having the inter fund transfer board approved was an isolated event. The responsible parties recall due diligence in seeking board approval on such entries. We will continue to work hard to be certain all interfund transfers are board approved as required.
Circuit Clerk.	
3.	<u>Daily deposits should be made and monthly collections should be settled to proper authorities on a timely basis.</u>
Repeat Finding	Yes
Criteria	An effective system of internal controls over collections of criminal and civil accounts includes daily deposits to the bank and subsequent timely settlements to proper authorities.
Condition	As reported in the prior fifteen years' audit reports, the criminal and civil collections are not being deposited daily and settled to the proper authorities on a timely basis. During our test work, we noted the Circuit Clerk did not make daily deposits and timely settlements to the County.
Cause	This is due to an oversight by management.
Effect	Failure to perform daily deposits and timely settlements of funds increases the possibility of loss or misappropriation of funds.
Recommendation	The Circuit Clerk should make daily deposits of collections and settle all collections to the proper authorities on a timely basis as required by law.
Views of Responsible Official(s)	I will try to correct this.
4.	<u>The Circuit Clerk should reconcile bank statements monthly to the fee journal.</u>
Repeat Finding	Yes



Criteria	An effective system of internal control should include maintaining a fee journal and reconciling bank statements to the fee journal.
Condition	As reported in the prior year's audit report, the bank statements did not reconcile to the fee journal due to the prior year fee journal's ending balance not being carried forward.
Cause	Weakness in the control environment.
Effect	Failure to reconcile the bank statements to the fee journal could result in the loss of public funds.
Recommendation	The Circuit Clerk should ensure that ending balances are carried forward each month to ensure proper reconciliation.
Views of Responsible Official(s)	I will check with the CPA to make sure this is corrected.

Sheriff.

5. The Sheriff should strengthen controls by reconciling accounts and making settlements timely.

Repeat Finding	Yes
Criteria	An effective system of internal controls over cash should include procedures to ensure the bank account is reconciled timely and settlements of canteen profits to the Board of Supervisors are made monthly.
Condition	As reported in the prior year's audit report, our tests performed on the inmate canteen account indicated that the Sheriff was not making settlements in a timely manner nor reconciling the canteen account.
Cause	Weakness in the control environment.
Effect	Failure to reconcile the bank accounts and settle profits timely could result in the loss or misappropriation of public funds.
Recommendation	The Sheriff should implement internal controls to ensure that the bank account is reconciled timely and settlements are made monthly.
Views of Responsible Official(s)	Due to technical difficulties, the Tiger computer system was down at the time of the audit. We are in the process of fixing the problem and will be looking for another vendor. This problem will be resolved as soon as possible.

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

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



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

July 23, 2020

CLARKE COUNTY

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CLARKE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

CLARKE COUNTY

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# CLARKE COUNTY

## Schedule of Findings and Responses For the Year Ended September 30, 2018

### 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    |
| General Road Fund   | Unmodified    |
| Aggregate remaining fund information                            | Unmodified    |
| 2. Internal control over financial reporting:                   |               |
| a. Material weakness identified?                                | Yes           |
| b. Significant deficiency identified?                           | None Reported |
| 3. Noncompliance material to the financial statements noted?    | No            |

### Section 2: Financial Statement Findings

Purchase Clerk.

Material Weakness

2018-001. The Purchase Clerk should strengthen controls to ensure compliance with state law with having required documentation.

Repeat Finding      Yes

Criteria      Section 31-7-103, Miss. Code Ann. (1972), requires a requisition, purchase order, and receiving report for all purchases, except for those items enumerated by the Office of the State Auditor under the authority of Section 31-7-113, Miss. Code Ann. (1972), and except for purchases of not more than \$100.

Condition      As reported during the prior year's audit report, we noted some instances in which purchasing documentation was not available with the claim. Purchasing documentation includes: purchase requisitions, purchase orders, receiving reports, invoices and quotes (if applicable).

Cause      The County has a weakness in the control environment.

Effect      Failure to complete and retain these documents could result in the loss or misappropriation of public funds.

Recommendation      The Purchase Clerk should ensure that the purchasing documents are present and completed with sufficient detail and specific amounts, as required, prior to ordering the respective commodity.

Views of Responsible Official(s)      This was prior to my taking this position. I will try my best to ensure all documents are presented.