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ISSAQUENA COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2018

ISSAQUENA COUNTY

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ISSAQUENA COUNTY

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Issaquena County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements, of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Issaquena County, Mississippi, 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 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Issaquena County, Mississippi, as of September 30, 2018, and the respective changes in financial position, and where applicable, cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, and Schedule of the County's Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to this required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

Issaquena County, Mississippi has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or

historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

The Schedule of Surety Bonds for County Officials has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2020, on our consideration of Issaquena County, Mississippi's internal control over financial reporting and 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 Issaquena 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 Issaquena County, Mississippi's internal control over financial reporting and compliance.

Bridgers, Goodman, Baird & Clarke, PLLC

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

January 3, 2020

ISSAQUENA COUNTY

FINANCIAL STATEMENTS

ISSAQUENA COUNTY
Statement of Net Position
September 30, 2018

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 3,227,387		3,227,387
Investments-restricted		714,240	714,240
Property tax receivable	2,233,343		2,233,343
Fines receivable. (Net of allowance for uncollectibles of \$233,543)	54,217		54,217
Intergovernmental receivables	41,651	215,315	256,966
Other receivables	3,436	1,071	4,507
Internal balances	380,051	(380,051)	-
Capital assets:			
Land and construction in progress	144,020	17,500	161,520
Other capital assets, net	1,124,488	2,182,012	3,306,500
Total Assets	7,208,593	2,750,087	9,958,680
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	145,776	104,046	249,822
Total Deferred Outflows of Resources	145,776	104,046	249,822
LIABILITIES			
Claims payable	137,470	92,539	230,009
Intergovernmental payables	71,734		71,734
Amounts held in custody for others	18,210		18,210
Long-term liabilities			
Net pension liability	2,516,053	3,112,212	5,628,265
Due within one year:			-
Capital debt	6,794		6,794
Due in more than one year:			
Capital debt	7,198		7,198
Non-Capital debt	27,467	78,531	105,998
Total Liabilities	2,784,926	3,283,282	6,068,208
DEFERRED INFLOWS OF RESOURCES			
Deferred revenues property taxes	2,233,343		2,233,343
Deferred inflows related to pensions	66,651	88,543	155,194
Total Deferred Inflows of Resources	2,299,994	88,543	2,388,537
NET POSITION			
Net Investment in capital assets	1,254,516	2,199,512	3,454,028
Restricted:			
Expendable:			
General Government	24,177		24,177
Public Safety	240,906		240,906
Public Works	1,893,528		1,893,528
Unrestricted	(1,143,678)	(2,717,204)	(3,860,882)
Total Net Position	\$ 2,269,449	(517,692)	1,751,757

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

ISSAQUENA COUNTY
Statement of Activities
For the Year Ended September 30, 2018

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	1,086,227	96,274		711	(989,242)		(989,242)
Public safety	632,894	71,503	10,433		(550,958)		(550,958)
Public works	1,652,644		1,418,319	297,651	63,326		63,326
Health and welfare	131,569		23,389		(108,180)		(108,180)
Culture and recreation	34,500				(34,500)		(34,500)
Conservation of natural resources	56,596				(56,596)		(56,596)
Economic development and assistance	1,265				(1,265)		(1,265)
Interest on long-term debt	1,214				(1,214)		(1,214)
Pension Expense	353,206				(353,206)		(353,206)
Total Governmental Activities	3,950,115	167,777	1,452,141	298,362	(2,031,835)	-	(2,031,835)
Business-type activities:							
Regional Correctional Facility	3,453,178	2,641,577			-	(811,601)	(811,601)
Total Business-type Activities	3,453,178	2,641,577	-	-	-	(811,601)	(811,601)
Total Primary Government	\$ 7,403,293	2,809,354	1,452,141	298,362	(2,031,835)	(811,601)	(2,843,436)
General revenues:							
Taxes:							
Property taxes					\$ 2,378,713		2,378,713
Road & bridge privilege taxes					2,009		2,009
Grants & contributions not restricted to specific programs					65,445		65,445
Unrestricted Interest Income					16,893	9,439	26,332
Miscellaneous					87,257	2,426	89,683
Total General Revenues					2,550,317	11,865	2,562,182
Changes in Net Position					518,482	(799,736)	(281,254)
Net Position - Beginning					1,750,967	282,044	2,033,011
Net Position - Ending					\$ 2,269,449	(517,692)	1,751,757

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

ISSAQUENA COUNTY
Balance Sheet – Governmental Funds
September 30, 2018

Exhibit 3

	Major Funds			Other	Total
	General	State Aid	Gas Excise	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
ASSETS					
Cash	\$ 1,074,907	69,888	619,058	1,463,534	3,227,387
Property tax receivable	1,842,847			390,496	2,233,343
Fines receivable. (Net of allowance for uncollectible of \$233,543)	54,217				-
Intergovernmental receivables	15,483		4,998	21,170	41,651
Other receivables	1,555			696	2,251
Due from other funds	357,043			19,274	376,317
Advances to other funds	24,193				24,193
Total Assets	<u>3,370,245</u>	<u>69,888</u>	<u>624,056</u>	<u>1,895,170</u>	<u>5,959,359</u>
LIABILITIES					
Claims payable	95,951			41,519	137,470
Intergovernmental payables	71,734				71,734
Due to other funds	19,274				19,274
Amounts held in custody for others	18,210				18,210
Total Liabilities	<u>205,169</u>	<u>-</u>	<u>-</u>	<u>41,519</u>	<u>246,688</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	1,842,847			390,496	2,233,343
Unavailable revenue - fines	54,217				54,217
Total Deferred Inflows of Resources	<u>1,897,064</u>	<u>-</u>	<u>-</u>	<u>390,496</u>	<u>2,287,560</u>
FUND BALANCES					
Non-Spendable					
Advances	24,193				24,193
Restricted for:					-
General government				24,177	24,177
Public safety				240,906	240,906
Public works		69,888	624,056	1,199,584	1,893,528
Unassigned	1,243,819			(1,512)	1,242,307
Total Fund Balances	<u>1,268,012</u>	<u>69,888</u>	<u>624,056</u>	<u>1,463,155</u>	<u>3,425,111</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,370,245</u>	<u>69,888</u>	<u>624,056</u>	<u>1,895,170</u>	<u>5,959,359</u>

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

ISSAQUENA COUNTY**Exhibit 3-1****Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2018**

Total Fund Balance- Governmental Funds	\$ 3,425,111
Amounts reported for governmental services in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$1,740,338.	1,268,508
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	54,217
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(41,459)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(2,516,053)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental fund financial statements:	
Deferred inflows of resources related to pensions	(66,651)
Deferred outflows of resources related to pensions	145,776
Total Net Position- Governmental Activities	\$ <u><u>2,269,449</u></u>

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

ISSAQUENA COUNTY
Exhibit 4
**Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended September 30, 2018**

	Major Funds			Other	Total
	General Fund	State Aid Fund	Gas Excise Fund	Governmental Funds	Governmental Funds
REVENUES					
Property taxes	\$ 1,992,547			386,166	2,378,713
Road and bridge privilege taxes				2,009	2,009
Licenses, commissions, and other revenue	9,064			1,154	10,218
Fines and forfeitures	68,824				68,824
Intergovernmental revenues	43,987	1,300,730	78,668	392,563	1,815,948
Charges for services	63,849			6,429	70,278
Interest income	13,906		827	2,160	16,893
Miscellaneous revenues	10,686			62,821	73,507
Total Revenues	<u>2,202,863</u>	<u>1,300,730</u>	<u>79,495</u>	<u>853,302</u>	<u>4,436,390</u>
EXPENDITURES					
Current:					
General government	1,110,448			10,988	1,121,436
Public safety	657,279			71,131	728,410
Public works	6,659	1,230,842		771,731	2,009,232
Health and welfare	131,569				131,569
Culture and recreation	34,500				34,500
Conservation of natural resources	56,596				56,596
Economic development and assistance	1,265				1,265
Debt Service:					
Principal	6,413				6,413
Interest	1,214				1,214
Total Expenditures	<u>2,005,943</u>	<u>1,230,842</u>	<u>-</u>	<u>853,850</u>	<u>4,090,635</u>
Excess of Revenues Over (Under) Expenditures	<u>196,920</u>	<u>69,888</u>	<u>79,495</u>	<u>(548)</u>	<u>345,755</u>
OTHER FINANCING SOURCES (USES)					
Transfers in				22,778	22,778
Transfers out	(10,999)			(11,779)	(22,778)
Proceeds from sale of capital assets				17,500	17,500
Total other financing sources and uses	<u>(10,999)</u>	<u>-</u>	<u>-</u>	<u>28,499</u>	<u>17,500</u>
Net Changes in Fund Balance	<u>185,921</u>	<u>69,888</u>	<u>79,495</u>	<u>27,951</u>	<u>363,255</u>
Fund Balance-Beginning	<u>1,082,091</u>	<u>-</u>	<u>544,561</u>	<u>1,435,204</u>	<u>3,061,856</u>
Fund Balance- Ending	<u>\$ 1,268,012</u>	<u>69,888</u>	<u>624,056</u>	<u>1,463,155</u>	<u>3,425,111</u>

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

ISSAQUENA COUNTY**Exhibit 4-1****Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2018**

Net Changes in Fund Balances - Governmental Funds	\$ 363,255
Amounts reported for governmental services in the Statement of Net Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlay of \$413,250 exceeded depreciation of \$79,742.	333,508
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increases financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the gain of \$13,750, the loss of \$674 and the proceeds from the sale of \$17,500.	(4,424)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	18,457
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount of debt repayments of \$6,413.	6,413
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. Thus the change in net position differs from the change in fund balances by the following item:	
Decrease in compensated absences payable	6,048
Items reported in the Statement of Activities related to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for the current year	(353,206)
Recognition of contributions made for the current year	148,431
Changes in Net Position of Governmental Activities	\$ <u>518,482</u>

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

ISSAQUENA COUNTY
Statement of Net Position – Proprietary Funds
September 30, 2018

Exhibit 5

	<u>Business-type</u> <u>Activities</u> <u>Enterprise Fund</u> <u>Issaquena County</u> <u>Correctional Facility</u>
ASSETS	
Current assets:	
Investments-Restricted	\$ 714,240
Intergovernmental receivables	215,315
Other receivables	1,071
Total Current Assets	<u>930,626</u>
Noncurrent assets:	
Capital assets:	
Land	17,500
Other capital assets, net	2,182,012
Total Noncurrent Assets	<u>2,199,512</u>
Total Assets	<u>3,130,138</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>104,046</u>
Total Deferred Outflows of Resources	<u>104,046</u>
LIABILITIES	
Current liabilities:	
Claims payable	92,539
Due to other funds	355,858
Advances from other funds	24,193
Total Current Liabilities	<u>472,590</u>
Noncurrent liabilities:	
Non-Capital debt:	
Compensated absences	78,531
Net pension liability	3,112,212
Total Noncurrent Liabilities	<u>3,190,743</u>
Total Liabilities	<u>3,663,333</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>88,543</u>
Total Deferred Inflows of Resources	<u>88,543</u>
NET POSITION	
Net Investment in capital assets	2,199,512
Unrestricted	<u>(2,717,204)</u>
Total Net Position	<u>\$ (517,692)</u>

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

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds
For the Year Ended September 30, 2018

	<u>Business-type</u> <u>Activities</u> <u>Enterprise Fund</u> <u>Issaquena County</u> <u>Correctional Facility</u>
Operating Revenues	
Charges for services	\$ 2,641,577
Miscellaneous	2,426
Total Operating Revenues	<u>2,644,003</u>
Operating Expenses	
Personal services	1,530,660
Contractual services	614,447
Materials and supplies	753,833
Depreciation expense	84,461
Indirect administrative cost	7,042
Pension expense	462,735
Total Operating Expense	<u>3,453,178</u>
Operating Income (Loss)	<u>(809,175)</u>
Non-operating Revenues (Expenses)	
Interest income	9,439
Net Non-Operating Revenue (Expense)	<u>9,439</u>
Changes in Net Position	(799,736)
Net Position- Beginning	<u>282,044</u>
Net Position- Ending	<u>\$ (517,692)</u>

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

ISSAQUENA COUNTY

Exhibit 7

Statement of Cash Flows – Proprietary Funds
For the Year Ended September 30, 2018

	Business-type Activities Enterprise Fund Issaquena County Correctional Facility
Cash Flows From Operating Activities	
Receipts from customers	\$ 2,639,413
Payments to suppliers	(1,433,071)
Payments to employees	(1,735,923)
Other miscellaneous cash receipts	54,762
Net Cash Provided (Used) by Operating Activities	(474,819)
Cash Flows From Noncapital Financing Activities	
Payments of interfund loans	(36,584)
Proceeds from interfund loans	355,858
Net Cash Provided (Used) by Noncapital Financing Activities	319,274
Cash Flows From Investing Activities	
Proceeds from sales and maturities of investments	146,106
Interest and dividends on investments	9,439
Net Cash Provided (Used) by Investing Activities	155,545
Net Increase (Decrease) in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of Year	-
Cash and Cash Equivalents at End of Year	-
Reconciliation of Operating Income (Loss) to Net Cash	
Provided (used) by Operating Activities:	
Operating income (loss)	(809,175)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	84,461
Changes in assets and liabilities:	
(Increase) decrease in intergovernmental receivables	47,320
(Increase) decrease in other receivables	2,852
(Increase) decrease in deferred outflows of resources	212,815
(Increase) decrease in deferred inflows of resources	64,655
Increase (decrease) in claims payable	(58,465)
Increase (decrease) in compensated absences payable	(3,478)
Increase (decrease) in intergovernmental payable	(6,612)
Increase (decrease) in pension liability	(9,192)
Total Adjustments	334,356
Net cash provided (used) by operating activities	\$ (474,819)

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

ISSAQUENA COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2018

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 141,677
Total Assets	<u>141,677</u>
LIABILITIES	
Intergovernmental payables	67,426
Amounts held in custody for others	73,066
Due to other funds	<u>1,185</u>
Total Liabilities	<u>\$ 141,677</u>

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

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

A. Financial Reporting Entity - Issaquena 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. Accounting principles generally accepted in the United States of America require Issaquena County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

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. Individual Component Unit Disclosures

Blended Component Units – Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, these component units are reported as if they are part of the primary government. The following component units' balances and transactions are blended with the balances and transactions of the primary government.

The Issaquena County Public Improvement Corporation is governed by a three-member board appointed by the Issaquena County Board of Supervisors. Although it is legally separate from the county, the corporation is reported as if it were part of the primary government because its sole purpose is to finance and construct county public buildings.

The Issaquena County Regional Correctional Facility Financing Corporation is governed by a three-member board appointed by the Issaquena County Board of Supervisors. Although it is legally separate from the county, the corporation is reported as if it were part of the primary government because its sole purpose is to finance and construct a regional correctional facility.

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

Government-wide Financial Statements:

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

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

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

Fund Financial Statements:

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

D. Measurement Focus and Basis of Accounting – The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

The revenues and expenses of Proprietary Funds are classified as operating or non-operating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as non-operating.

Governmental fund financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures are expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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.

State Aid Fund – This fund is used to account for and report all financial resources that are restricted for state aid projects.

Gas Excise Fund – This fund is used to account for severance taxes received from the State of Mississippi that are restricted for public works.

The County reports the following major Proprietary Fund:

Issaquena County Regional Correctional Facility – The correctional facility fund accounts for the County's activities of housing prisoners on a contract basis for the Mississippi Department of Corrections and others.

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 revenue sources that are restricted or committed to expenditure 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 expenditure for principal and interest.

PROPRIETARY FUND TYPE

Enterprise Funds – These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the County has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

FIDUCIARY FUND TYPE

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

E. 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 Associations.

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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

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

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

H. Interfund Transactions and Balances – Transactions between funds that represent short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as “due to/from other funds.” Noncurrent portions of interfund receivables and payables are reported as “advances to/from other funds.” Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted, committed, or assigned. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

I. Restricted Assets – Proprietary fund assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. Certain resources and revenues associated with the County’s enterprise fund revenue bonds are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The “revenue” fund is used to account for all revenues of the correctional facility and to provide payments for operating and maintenance expenses as well as required monthly deposits to other accounts to meet minimum requirements of trust agreement. The “maintenance” fund is used to pay for maintenance expenses of the correctional facility. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

J. Capital Assets – Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. The extent to which capital assets costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Issaquena County meets the criteria and has so elected. Therefore, the major general infrastructure assets acquired prior to October

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because noncapitalization of interest does not have a material effect on the County's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

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

	<u>Capitalization Thresholds</u>	<u>Estimated Service Life</u>
Land	\$ 0	N/A
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5 to 10 years
Furniture and equipment	5,000	3 to 7 years
Infrastructure	0	20 to 50 years
Leased property under capital leases	*	*

* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

K. Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See Note 9 for additional details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred revenues property taxes /unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Unavailable revenue – fines – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until the revenue becomes available.

Deferred inflows related to pensions – This amount represents the County’s proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See Note 9 for additional details.

L. Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees’ Retirement System of Mississippi (PERS) and additions to/deductions from PERS’ fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Position.

N. Equity Classifications

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

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

Restricted net 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” or “net investment in capital assets.”

Net Position Flow Assumption – When an expense is incurred for purposes for which both restricted and unrestricted (unassigned) resources are available, it is the County’s general policy to use restricted resources first. When expenses are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in the unrestricted classification could be used, it

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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.

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

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

Restricted fund balance includes amount 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 expenditures incurred 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 an expenditure is incurred 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 expenditures are incurred for purposes for which unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

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

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.

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS.

Deposits:

The carrying amount of the County’s total deposits with financial institutions at September 30, 2018, was \$3,369,064, and the bank balance was \$3,632,658. 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 managing 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.

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Investments:

As provided in Section 91-13-8, Miss. Code Ann. (1972), the following investments of the County are handled through a trust indenture between the County and the trustee related to the operations of the Issaquena County Regional Correctional Facility.

Investments balances at September 30, 2018, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value Level</u>	<u>Fair Value</u>	<u>Rating</u>
Federated Government				
Obligations Mutual Fund	Less than one year	Level 1	\$ 714,240	AAAm

Interest Rate Risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972) limits the maturity period of any investment to no more than one year.

Credit Risk. State law limits investments to those authorized by Sections 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The County does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. The Federated Governmental Obligations Mutual Fund investment is uninsured, unregistered, and is held in trust accounts on behalf of the County.

NOTE 3 – INTERFUND TRANSACTIONS AND BALANCES.

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Issaquena County Correctional Facility	\$ 355,858
General Fund	Agency Fund	1,185
Other Governmental Funds	General Fund	19,274
Total		<u>\$ 376,317</u>

The receivables represent tax revenue collected in September 2018, but not settled until October 2018, indirect costs for the correctional facility, and funds to cover negative cash balances. All interfund balances are expected to be repaid within one year from the date of the financial statements.

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Issaquena County Correctional Facility	\$ <u>24,193</u>

The receivable from the Issaquena County Correctional Facility Fund to the General Fund represents prior year indirect cost. These interfund balances are not expected to be repaid within one year from the date of the financial statements.

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmentl Funds	General Fund	\$ 10,999
Other Governmentl Funds	Other Governmental Funds	11,779
Total		\$ <u>22,778</u>

The principal purpose of the interfund transfers was to cover negative cash balances and to close funds.

NOTE 4 – INTERGOVERNMENTAL RECEIVABLES.

At September 30, 2018, intergovernmental receivables consisted of:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 8,653
Timber severance tax	381
Additional privilege tax	903
Reimbursement for food stamps/welfare	1,700
Motor vehicle license	273
Motor vehicle fuel tax	24,992
Reimbursement for housing	4,732
Miscellaneous	17
Total Governmental Activities	\$ <u>41,651</u>
Business-type Activities:	
Reimbursement for housing prisoners	\$ <u>215,315</u>
Total Business-type Activities	\$ <u>215,315</u>

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

NOTE 5 – RESTRICTED ASSETS.

At September 30, 2018, the restricted assets in the enterprise fund consisted of:

Restricted Assets

Revenue Fund	\$ 159,864
Maintenance Fund	554,376
Total Restricted Assets	<u>\$ 714,240</u>

NOTE 6 – CAPITAL ASSETS.

The following is a summary of capital assets for the year ended September 30, 2018:

Governmental Activities:

	Balance				Balance
	Oct. 1, 2017	Additions	Deletions	Adjustments	Sept. 30, 2018
Non-depreciable capital assets:					
Land	\$ 86,272				86,272
Construction in progress		297,651		(239,903)	57,748
Total non-depreciable capital assets	<u>86,272</u>	<u>297,651</u>	<u>-</u>	<u>(239,903)</u>	<u>144,020</u>
Depreciable capital assets:					
Infrastructure	-			435,181	435,181
Buildings	811,621			(195,278)	616,343
Improvements other than buildings	382,361				382,361
Mobile equipment	1,198,541	115,599	44,239		1,269,901
Furniture and equipment	130,533				130,533
Leased property under capital lease	30,507				30,507
Total depreciable capital assets	<u>2,553,563</u>	<u>115,599</u>	<u>44,239</u>	<u>239,903</u>	<u>2,864,826</u>
Less accumulated depreciation for:					
Infrastructure	-	8,704		7,811	16,515
Buildings	352,523	9,312		(7,811)	354,024
Improvements other than buildings	290,439	2,066			292,505
Mobile equipment	944,794	47,348	39,815		952,327
Furniture and equipment	107,164	6,821			113,985
Leased property under capital lease	5,491	5,491			10,982
Total accumulated depreciation	<u>1,700,411</u>	<u>79,742</u>	<u>39,815</u>	<u>-</u>	<u>1,740,338</u>
Total depreciable capital assets, net	<u>853,152</u>	<u>35,857</u>	<u>4,424</u>	<u>239,903</u>	<u>1,124,488</u>
Governmental activities capital assets, net	<u>\$ 939,424</u>	<u>333,508</u>	<u>4,424</u>	<u>-</u>	<u>1,268,508</u>

*Adjustments were made to transfer completed construction in progress to infrastructure and to correct prior year error in asset and depreciation classifications

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Business-Type Activities:

	Balance Oct. 1, 2017	Additions	Deletions	Adjustments	Balance Sept. 30, 2018
Non-depreciable capital assets:					
Land	\$ 17,500	-	-	-	17,500
Total non-depreciable capital assets	17,500	-	-	-	17,500
Depreciable capital assets:					
Buildings	3,851,891		-	-	3,851,891
Mobile equipment	94,261		-	-	94,261
Furniture and equipment	64,546		-	-	64,546
Total depreciable capital assets	4,010,698	-	-	-	4,010,698
Less accumulated depreciation for:					
Buildings	1,627,180	77,038	-	-	1,704,218
Mobile equipment	82,744	1,046	-	-	83,790
Furniture and equipment	34,301	6,377	-	-	40,678
Total accumulated depreciation	1,744,225	84,461	-	-	1,828,686
Total depreciable capital assets-net	2,266,473	(84,461)	-	-	2,182,012
Business-type activities capital assets, net \$	2,283,973	(84,461)	-	-	2,199,512

Depreciation expense was charged to the following functions:

Governmental Activities:

General government	\$ 13,453
Public safety	35,319
Public works	30,970
Total Governmental activities depreciation expense	\$ <u>79,742</u>

Business-type Activities:

Issaquena County Correctional Facility	\$ <u>84,461</u>
Total Business-type activities depreciation expense	\$ <u>84,461</u>

Commitments with respect to unfinished capital projects at September 30, 2018, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
BR 1512 2 B	Undetermined	Undetermined
STP 0553 6 B	Undetermined	Undetermined

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

NOTE 7 – 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.

NOTE 8– CAPITAL LEASES.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2018:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile Equipment	\$ 30,507
Less: Accumulated Depreciation	(10,982)
Leased property under capital lease	<u>\$ 19,525</u>

The following is a schedule by years of the total payments due as of September 30, 2018:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Leased property under capital lease</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 6,794	833
2020	7,198	428
Total	<u>\$ 13,992</u>	<u>1,261</u>

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

NOTE 9 – DEFINED BENEFIT PENSION PLAN.

General Information about the Pension Plan

Plan Description. Issaquena 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.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each addition year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. 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 employer's rate at September 30, 2018 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers 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 \$342,888, \$343,069, and \$338,778 respectively, equal to the required contributions for each year.

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2018, the County reported a liability of \$5,628,265 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participation entities, actuarially determined. At June 30, 2018, the County's proportion was 0.033838 percent, which was a decrease of 0.000117 percent from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the County recognized pension expense of \$815,941. At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 23,679	23,808
Net difference between projected and actual earnings on pension plan investments		131,386
Changes of assumptions	385	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	136,423	
County contributions subsequent to the measurement date	89,335	
Total	<u>249,822</u>	<u>155,194</u>

\$89,335 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:

2019	162,784
2020	5,663
2021	(137,843)
2022	(25,311)
Total	<u>5,293</u>

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Actuarial Assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.0 percent
Salary increases	3.25 - 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scaled BB to 2022, with males' rates set forward one year.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Broad	27.00 %	4.60
International Equity	18.00	4.50
Emerging Markets Equity	4.00	4.75
Global	12.00	4.75
Fixed Income	18.00	0.75
Real Estate	10.00	3.50
Private Equity	8.00	5.10
Emerging Debt	2.00	2.25
Cash	1.00	-
	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%) through June 30, 2019 and at 17.40% thereafter. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

Sensitivity to the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.75%	7.75%	8.75%
County's proportionate share of the net pension liability	\$ 7,410,810	5,628,265	4,146,735

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

NOTE 10 – LONG TERM DEBT.

Debt outstanding as of September 30, 2018, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rates	Final Maturity Date
Governmental Activities			
Lease Property Under Capital Lease			
2016 Ford Police Intceptor	\$ <u>13,992</u>	5.95%	06/2020

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, there was no outstanding debt subject to the limitation statutes.

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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

	Balance Oct. 1, 2017	Additions	Reductions	Adjustments	Balance Sept. 30, 2018	Amount due within one year
Governmental Activities:						
Capital Leases	20,405		6,413	-	13,992	6,794
Compensated Absences	33,515		6,048	-	27,467	-
	<u>53,920</u>	<u>-</u>	<u>12,461</u>	<u>-</u>	<u>41,459</u>	<u>6,794</u>
Business-Type Activities:						
Compensated Absences	82,009		3,478	-	78,531	-
	<u>82,009</u>	<u>-</u>	<u>3,478</u>	<u>-</u>	<u>78,531</u>	<u>-</u>

Compensated absences will be paid by the funds from which the employees' salaries were paid which are generally the General Fund, Road Maintenance Fund, Bridge and Culvert Fund and Issaquena County Correctional Facility Fund.

NOTE 11 – CONTINGENCIES.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the county. No provision for any liability that may result has been recognized in the County's financial statement.

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.

NOTE 12 – EFFECT OF DEFERRED AMOUNTS ON NET POSITION.

The unrestricted net position amount of (\$3,860,882) includes the effect of deferred outflows of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$89,335 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. The \$160,487 balance of deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next four years. The \$155,194 balance of the deferred inflow of resources related to pension at September 30, 2018, will be recognized in pension expense over the next three years.

The governmental activities' net position amount includes the effect of recognition of revenue resulting from property tax receivable. The \$2,233,343 balance of deferred inflows of resources from property tax for future reporting period at September 30, 2018, will be recognized as revenue in the next fiscal year.

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

NOTE 13– JOINTLY GOVERNED ORGANIZATIONS.

The County participates in the following jointly governed organizations:

Delta Community Mental Health Services operates in a district composed of the Counties of Bolivar, Issaquena, Sharkey and Washington. The Issaquena Board of Supervisors appoints one of the four members of the Board of Commissioners. The County appropriated \$20,000 for support in fiscal year 2018.

Mississippi Delta Community College operates in a district composed of the Counties of Bolivar, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Issaquena County Board of Supervisors appoints one of the 20 members of the college board of trustees. The County levied \$98,318 in taxes for the maintenance and support of the college in the fiscal year 2018.

South Delta Planning and Development District operates in a district composed of the Counties of Bolivar, Humphreys, Issaquena, Sharkey, Sunflower and Washington. The Issaquena County Board of Supervisors appoints three of the 22 members of the board of directors. The County appropriated \$1,265 for support in fiscal year 2018.

Yazoo-Mississippi Water Management District operates in a district composed of the Counties of Bolivar, Carroll, Coahoma, Desoto, Holmes, Humphreys, Issaquena, Leflore, Panola, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tunica, Washington and Yazoo. The Issaquena County Board of Supervisors appoints one of 21 members of the Board of Commissioners. The County levied a .75 mill tax for support of the district in fiscal year 2018.

NOTE 14 – TAX ABATEMENTS.

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement 77, Tax Abatements and Disclosures. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the government or the citizens of those governments.

Issaquena County had no abatement agreements as of September 30, 2018.

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

NOTE 15 – SUBSEQUENT EVENTS.

Events that occur after the statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Issaquena County evaluated the activity of the County through January 3, 2020, (the date the financial statements were available to be issued) and determined that no subsequent events have occurred requiring disclosure in the notes to the financial statements.

ISSAQUENA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

ISSAQUENA 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)
REVENUES				
Property taxes	\$ 1,857,454	1,991,178	1,991,178	-
Licenses, commissions and other revenue	6,697	8,848	8,848	-
Fines and forfeitures	55,985	74,937	75,246	309
Intergovernmental revenues	49,526	64,292	64,292	-
Charges for services	51,641	75,553	75,553	-
Interest income	9,698	11,990	13,940	1,950
Miscellaneous revenues	12,690	16,792	16,792	-
Total Revenues	<u>2,043,691</u>	<u>2,243,590</u>	<u>2,245,849</u>	<u>2,259</u>
EXPENDITURES				
Current:				
General government	770,492	1,061,587	1,026,138	35,449
Public safety	530,595	656,336	656,318	18
Public works	5,633	3,814	3,814	-
Health and welfare	126,466	132,296	132,296	-
Culture and recreation	34,500	34,500	34,500	-
Education				-
Conservation of natural resources	44,930	54,811	54,811	-
Economic Development		1,265	1,265	-
Debt Service				-
Total Expenditures	<u>1,512,616</u>	<u>1,944,609</u>	<u>1,909,142</u>	<u>35,467</u>
Excess of Revenues over (under) Expenditures	<u>531,075</u>	<u>298,981</u>	<u>336,707</u>	<u>37,726</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers in				-
Transfers out			(55,999)	(55,999)
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>(55,999)</u>	<u>(55,999)</u>
Net Change in Fund Balance	531,075	298,981	280,708	(18,273)
Fund Balances - Beginning	<u>1,475,784</u>	<u>1,248,912</u>	<u>1,074,243</u>	<u>(174,669)</u>
Fund Balances - Ending	<u>\$ 2,006,859</u>	<u>1,547,893</u>	<u>1,354,951</u>	<u>(192,942)</u>

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

ISSAQUENA COUNTY
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)
State Aid Fund
For the Year Ended September 30, 2018
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 48,741	158,116	158,116	-
Total Revenues	<u>48,741</u>	<u>158,116</u>	<u>158,116</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works		88,228	88,228	-
Total Expenditures	<u>-</u>	<u>88,228</u>	<u>88,228</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>48,741</u>	<u>69,888</u>	<u>69,888</u>	<u>-</u>
Net Change in Fund Balance	48,741	69,888	69,888	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 48,741</u>	<u>69,888</u>	<u>69,888</u>	<u>-</u>

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

ISSAQUENA COUNTY**Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)****Gas Excise Fund****For the Year Ended September 30, 2018****UNAUDITED**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 33,062	78,852	78,852	-
Miscellaneous revenues			827	827
Total Revenues	<u>33,062</u>	<u>78,852</u>	<u>79,679</u>	<u>827</u>
EXPENDITURES				
Current:				
Public works				-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>33,062</u>	<u>78,852</u>	<u>79,679</u>	<u>827</u>
Net Change in Fund Balance	33,062	78,852	79,679	827
Fund Balances - Beginning	<u>568,315</u>	<u>539,379</u>	<u>539,379</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 601,377</u>	<u>618,231</u>	<u>619,058</u>	<u>827</u>

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

ISSAQUENA COUNTY**Schedule of the County's Proportionate Share of the Net Pension Liability****Last 10 Fiscal Years*****For the Year Ended September 30, 2018****UNAUDITED**

	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	0.033838%	0.033955%	0.032090%	0.031166%	0.030314%
County's proportionate share of the net pension liability (asset)	5,628,265	5,644,474	5,732,075	4,817,649	3,679,565
County's covered payroll	2,160,907	2,178,222	2,115,467	1,947,093	1,852,349
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	260.458455%	259.132173%	270.960266%	247.427781%	198.643182%
Plan fiduciary net position as a percentage of the total pension liability	62.5400000%	61.490000%	57.470000%	61.703983%	67.207687%

*The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and until a full 10 year trend is compiled, The County has only presented information for the years in which information is available.

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

ISSAQUENA COUNTY
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2018
UNAUDITED

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 342,888	343,069	338,778	313,058
Contributions in relation to the contractually required contribution	<u>342,888</u>	<u>343,069</u>	<u>338,778</u>	<u>313,058</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
County covered payroll	\$ 2,177,067	2,178,210	2,150,971	1,987,663
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and until a full 10 year trend is compiled, The County has only presented information for the years in which information is available.

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

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2018
UNAUDITED

Budgetary Comparison Schedule

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 Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

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

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budget Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation.

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

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

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

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2018
UNAUDITED

	General Fund	State Aid Fund	Gas Excise Fund
Budget (Cash Basis)	\$ 280,708	69,888	79,679
Increase (Decrease)			
Net adjustments for revenue accruals	(42,986)		(184)
Net adjustments for expenditure accruals	(51,801)		
	<hr/>	<hr/>	<hr/>
GAAP Basis	\$ <u>185,921</u>	<u>69,888</u>	<u>79,495</u>

Pension Schedules

A. Changes in Benefit Provisions.

Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

B. Changes of Assumptions.

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

ISSAQUENA COUNTY, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2018
UNAUDITED

2017

The expectation of retired life mortality was changed to the RP-2014 Health Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumption was reduced from 3.75% to 3.25%.

Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual and anticipated experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	36.6 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

ISSAQUENA COUNTY

OTHER INFORMATION

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

Name	Position	Company	Bond
Eddie Hatcher	Supervison District 1	Travelers Casualty & Surety Co.	\$100,000
John T. Kerr Jr.	Supervison District 2	Travelers Casualty & Surety Co.	\$100,000
Stallard Williams	Supervison District 3	Travelers Casualty & Surety Co.	\$100,000
Michael Parker	Supervison District 4	Travelers Casualty & Surety Co.	\$100,000
William Holcomb	Supervison District 5	Travelers Casualty & Surety Co.	\$100,000
Ronda Delaney	Chancery Clerk	Travelers Casualty & Surety Co.	\$100,000
Andrew Joseph Torres Willard	Deputy Chancery Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Peggy Thomas	Deputy Chancery Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Ronda Delaney	Circuit Clerk	Travelers Casualty & Surety Co.	\$100,000
Andrew Joseph Torres Willard	Deputy Circuit Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Peggy Thomas	Deputy Circuit Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Stephanie Harris	Purchase Clerk	Travelers Casualty & Surety Co.	\$ 75,000
Christy Williams	Assistant Purchase Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Pamela Horton	Assistant Purchase Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Andrew Joseph Torres Willard	Receiving Clerk	Travelers Casualty & Surety Co.	\$ 75,000
Melissa Pierce	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Andrew Joseph Torres Willard	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	\$ 50,000
S. Heigle	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Brenda N Peterson	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Sharon Heigle	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	\$ 50,000
Mike Delaney	Inventory Control Clerk	Travelers Casualty & Surety Co.	\$ 75,000
Robert T Williams	Constable	Travelers Casualty & Surety Co.	\$ 50,000
Mathew Williams	Constable	Travelers Casualty & Surety Co.	\$ 50,000
Richard Jones	Sheriff	Travelers Casualty & Surety Co.	\$100,000
Tommy Williams	Justice Court Judge	Travelers Casualty & Surety Co.	\$ 50,000
Gayle Coleman	Justice Court Judge	Travelers Casualty & Surety Co.	\$ 50,000
Sharon M Perkins	Justice Court Clerk	Travelers Casualty & Surety Co.	\$ 50,000
P Horton	Tax Assessor/Collector	Travelers Casualty & Surety Co.	\$100,000
Perteria McGee	Assistant Tax Assessor/Collector	Travelers Casualty & Surety Co.	\$ 50,000
Angela Williams	Coroner	Travelers Casualty & Surety Co.	\$ 50,000

ISSAQUENA COUNTY

SPECIAL REPORTS

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

Members of the Board of Supervisors
Issaquena 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, the business-type activities, each major fund and the aggregate remaining fund information of Issaquena 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 January 3, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Issaquena 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 Issaquena 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency

in internal control described in the accompanying Schedule of Findings and Responses as 2018-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

However, we noted certain matters that we reported to the management of Issaquena County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated January 3, 2020, included within this document.

Issaquena County's Response to Finding

Issaquena County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Issaquena 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

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

Bridgers, Goodman, Baird & Clarke, PLLC

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

January 3, 2020



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

Members of the Board of Supervisors
Issaquena County, Mississippi

We have examined Issaquena County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Section 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 Issaquena 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 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 Issaquena County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any 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.

In our opinion, Issaquena 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 and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating Issaquena County, Mississippi's compliance with the aforementioned requirements, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Bridgers, Goodman, Baird & Clarke, PLLC

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

January 3, 2020

ISSAQUENA COUNTY
Schedule of Purchases Not Made from the Lowest Bidder
For the Year Ended September 30, 2018

Schedule 1

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

ISSAQUENA COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2018

Schedule 2

Our test results did not identify any emergency purchases.

ISSAQUENA COUNTY

Schedule 3

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

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

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LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Issaquena County, Mississippi

In planning and performing our audit of the financial statements of Issaquena County, Mississippi for the year ended September 30, 2018, we considered Issaquena 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 Issaquena 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 January 3, 2020, on the financial statements of Issaquena County, Mississippi.

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

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

Chancery/Circuit Clerk

1. Chancery/Circuit Clerk's Office is not performing bank reconciliations accurately and timely.

Repeat Finding Yes

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

Condition As reported in the prior year audit report, during the course of our test work we found that bank reconciliations had not been prepared accurately and timely.

Cause Cash accounts were not reconciled properly.

Effect A delay in accurate bank reconciliations results in a weakness in the system of internal controls over cash.

Recommendation The Chancery/Circuit Clerk should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared correctly on a monthly basis.

Circuit Clerk's Response I plan to take the time out and teach my deputies how to reconcile each account, so that we are not faced with this in the future. I've been doing it all on my own and have gotten behind. We shall comply.

Justice Court Clerk

2. Justice Court Clerk's Office is not performing bank reconciliations accurately and timely.

Repeat Finding Yes

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

Condition As reported in the prior year audit report, during the course of our test work we found that bank reconciliations had not been prepared accurately and timely.

Cause	Cash accounts were not reconciled properly.
Effect	A delay in accurate bank reconciliations results in a weakness in the system of internal controls over cash.
Recommendation	The Justice Court Clerk should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared correctly on a monthly basis.
Justice Court Clerk 's Response	My official start date was August 20, 2019. The previous clerk's last official day was September 6, 2019. I was not employed during the 2018 year. However, I recognize the importance of bank reconciliations being done accurately and in a timely manner. Going forward, I have reached out to various other clerks and Delta systems for the proper training and will make sure that the banking processes are completed accurately and in a timely manner from this point forward.
3.	<u>Justice Court Clerk is not making settlements timely.</u>
Repeat Finding	Yes
Criteria	Management is responsible for establishing a proper internal control system to ensure a strong financial accountability and safeguarding of assets and revenue.
Condition	As reported in the prior year audit report, during the course of our test work, we found that the settlements to the County are not being made in a timely manner. A delay in settlements could result in the loss or misappropriation of public funds.
Cause	This is due to inadequate internal controls surrounding the settlements made by the Justice Court Clerk.
Effect	Inadequate controls surrounding the settlement of revenue collections could result in theft of assets and improper revenue recognition.
Recommendation	The Justice Court Clerk should ensure that the settlements are being made in a timely manner.

**Justice Court Clerks
Response**

My official start date was August 20, 2019. The previous clerk's last official day was September 6, 2019. I was not employed during the 2018 year. However, I recognize the importance of adequate internal controls surrounding settlements of revenue collections. Going forward, I have reached out to various other clerks and Delta systems for the proper training and will make sure that the settlements are completed accurately and in a timely manner from this point forward.

4.

The Justice Court Clerk has insufficient segregation of duties in the collection, deposit preparation and recording functions.

Repeat Finding

Yes

Criteria

An effective system of internal control should include an adequate segregation of duties in the collection, deposit preparation and recording functions.

Condition

As reported in the prior year audit report, our testing uncovered that there is not an adequate segregation of duties in the collection, deposit preparation and recording functions.

Cause

Insufficient segregation of duties increases opportunities for mishandling of public funds.

Effect

Failure to properly segregate accounting duties increases the chances that funds could be mishandled.

Recommendation

The Justice Court Clerk should ensure that there is an adequate segregation of duties in the collection, deposit preparation and recording functions.

**Justice Court
Clerk's Response**

My official start date was August 20, 2019. The previous clerk's last official day was September 6, 2019. I was not employed during the 2018 year. Respectfully, I understand that adequate segregation of duties in the collection, deposit preparation and recording functions are ideal, however, I am the only employee in the Clerk's office. There is no justification for more than one clerk due to the amount of work that is required to fulfill the duties of this office. Issaquena County is a very rural, and sparsely populated county. I do take extra precautions when collecting monies and preparing the deposits. If cash is brought into the office, I count and recount the cash in front of the individual that brings the money in. When posting cash to a deposit slip, I write the defendant's name along with the docket and page number on the deposit slip. If the money is paid via credit card, there is a record of online payment. Also, the money orders and cashier's checks are recorded on the deposit slips with the name of the defendant, along with the docket and page number. I do not take the deposit to the bank. I ask the deputy clerk in the Chancery courts office to take it. We both count the cash money, make sure all the money orders and cashers checks are in the deposit and we both sign off on a daily deposit report generated through Delta Systems which records all monies collected that day. This does provide a segregation of duties.

Sheriff's Office

5.	<u>Sheriff's Office is not performing bank reconciliations accurately and timely.</u>
Repeat Finding	Yes
Criteria	An effective system of internal controls requires the bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.
Condition	As reported in the prior year audit report, during the course of our test work, we found that bank reconciliations had not been prepared accurately and timely.
Cause	Cash accounts were not reconciled properly.
Effect	A delay in accurate bank reconciliations results in a weakness in the system of internal controls over cash.
Recommendation	The Sheriff should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared correctly on a monthly basis.
Sheriff's Response	Issaquena County Sheriff's Department must have its monthly reports by the 20 th of each month.
6.	<u>Sheriff's Office is not making settlements timely.</u>
Repeat Finding	Yes
Criteria	Management is responsible for establishing a proper internal control system to ensure a strong financial accountability and safeguarding of assets and revenue.
Condition	As reported in the prior five years' audit reports, during the course of our test work, we found that the settlements to the County are not being made in a timely manner. A delay in settlements could result in the loss or misappropriation of public funds.

Cause	This is due to inadequate internal controls surrounding the settlements made by the Sheriff's Office.
Effect	Inadequate controls surrounding the settlement of revenue collections could result in theft of assets and improper revenue recognition.
Recommendation	The Sheriff should ensure that the settlements are being made in a timely manner.
Sheriff's Response	Sheriff Richard Jones has appointed Julia Britton from Issaquena County Correctional Facility to ensure that the settlements are made in a timely manner.

Tax Assessor-Collector

7.	<u>The Tax Assessor-Collector is not enforcing statutory procedures for collection of delinquent business taxes.</u>
Repeat Finding	Yes
Criteria	Section 27-49-1 and 27-49-9, Miss. Code Ann. (1972), specify the actions to be taken for the sale of property, real or personal, of business taxpayers who are either insolvent or delinquent.
Condition	As reported in the last sixteen years' audit reports, we found no evidence that the Tax Assessor-Collector seized and sold property in order to collect delinquent business taxes.
Cause	Public funds are not available for general county expenditures.
Effect	Failure to enforce statutory procedures for collection of delinquent business taxes could result in the loss of public funds.
Recommendation	The Tax Assessor-Collector should make an effort to collect delinquent business taxes by following statutory procedures pertaining to the seizure and sale of property.
Tax Assessor-Collector's Response	This year I will send letter out about their delinquent taxes. I will also find out what to do about a personal property sale for year.

8. The Tax Assessor-Collector is not enforcing statutory procedures for collection of mobile home taxes.

Repeat Finding Yes

Criteria Section 27-53-17, MS Code Ann. (1972), describes the seizure, sale, notice required, period of redemption, interest, penalties and other costs of collection assessed for nonpayment of delinquent mobile home taxes.

Condition As reported in the last eighteen years' audit reports, the Tax Assessor-Collector did not sell mobile homes of individuals deemed to be delinquent for payment of taxes

Cause Public funds are not available for general county expenditures.

Effect Failure to enforce statutory procedures for collecting mobile home taxes could result in the loss of public funds.

Recommendation The Tax Assessor-Collector should enforce statutory procedures for collecting mobile home taxes.

Tax Assessor-Collector's Response We will send a letter to everyone about their delinquent mobile home taxes. This year we are having a mobile home sale.

9. The Tax Assessor-Collector has insufficient segregation of duties in the collection, deposit preparation and recording functions.

Repeat Finding Yes

Criteria An effective system of internal control should include an adequate segregation of duties in the collection, deposit preparation and recording functions.

Condition As reported in the last twenty years' audit reports, there is not an adequate segregation of duties in the collection, deposit preparation and recording functions.

Cause Insufficient segregation of duties increases opportunities for mishandling of public funds.

Effect Failure to properly segregate accounting duties increases the chances that funds could be mishandled.

Recommendation The Tax Assessor-Collector should ensure that there is an adequate segregation of duties in the collection, deposit preparation and recording functions.

Tax Assessor-Collector 's Response There are only 2 people that work in the tax office. If one makes the deposit, the other one or someone bonded in the courthouse takes the deposit to the bank. We have 2 money drawers at the end of the day. We never count out our own drawer. We have a bookkeeper that checks behind us.

10. Appropriate, necessary documentation was not located in all employee files.

Repeat Finding Yes

Criteria Each employee file should include a duly completed I-9 Employee Eligibility Verification form and board approval for hiring which includes the approved wage rate.

Condition As reported in the prior year audit report, we noted multiple instances where I-9 forms and tax withholding forms were not completed and placed in employee files. Further, our testing did not evidence any instances where board approvals for hiring or effective pay rates were present in the employee file.

Effect The County could be subject to fines and penalties for improper hiring of those unauthorized to work in the United States. Further, the salary amounts being paid could be outside the amounts approved by the Board of Supervisors, leading to unauthorized expenditure amounts by the County.

Recommendation The County should maintain a complete employee file system which would ensure that the County is in compliance with State and Federal employee documentation laws.

County Administrator 's Response I plan to get a check list together and have a deputy to go through each employee file and make sure we have all proper forms filled out and in each file. We shall comply.

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

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

Bridgers, Goodman, Baird & Clarke, PLLC

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

January 3, 2020

ISSAQUENA COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

ISSAQUENA 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 | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified? | Yes |
| 3. Noncompliance material to the financial statements? | No |

Section 2: Financial Statement Findings

General County

2018-001.	<u>The County is not performing bank reconciliations timely.</u>
Repeat Finding	Yes
Criteria	An effective system of internal controls requires the bank reconciliations be prepared accurately and timely and any identified unreconciled differences be resolved in a timely manner.
Condition	As reported in the prior year audit report, during the course of our test work we found that bank reconciliations had not been prepared timely. This allowed an individual to fraudulently cash numerous checks multiple times without detection.
Cause	Cash accounts were not reconciled timely.
Effect	A delay in accurate bank reconciliations results in a weakness in the system of internal controls over cash.
Recommendation	The County should establish and maintain an effective internal control system over cash and ensure that all bank reconciliations are prepared correctly on a monthly basis.
County Administrator's Response	I plan to get caught up on all bank reconciliations and keep them up and accurate in a timely manner. We shall comply.