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ISSAQUENA COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports

For the Year Ended September 30, 2019

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, (the County) as of and for the year ended September 30, 2019, 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 from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, 2019, 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 the Schedule of County 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 the 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.

Supplementary and 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 May 3, 2021 on our consideration of Issaquena County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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

May 3, 2021

ISSAQUENA COUNTY

FINANCIAL STATEMENTS

ISSAQUENA COUNTY
Statement of Net Position
September 30, 2019

Exhibit 1

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash	\$ 3,519,518	-	3,519,518
Investments	\$ -	321,920	321,920
Property tax receivable	2,242,513	-	2,242,513
Fines receivable. (Net of allowance for uncollectibles of \$230,051)	33,352	-	33,352
Intergovernmental receivables	75,994	243,814	319,808
Other receivables	5,366	320	5,686
Internal balances	349,487	(349,487)	-
Capital assets:			
Land and construction in progress	144,020	17,500	161,520
Other capital assets, net	1,072,822	2,097,550	3,170,372
Total Assets	<u>7,443,072</u>	<u>2,331,617</u>	<u>9,774,689</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>113,575</u>	<u>62,218</u>	<u>175,793</u>
Total Deferred Outflows of Resources	<u>113,575</u>	<u>62,218</u>	<u>175,793</u>
LIABILITIES			
Claims payable	112,397	65,366	177,763
Intergovernmental payables	46,527	500	47,027
Amounts held in custody for others	23,863	-	23,863
Other Payables	6,594	-	6,594
Long-term liabilities			
Net pension liability	2,495,515	3,085,537	5,581,052
Due within one year:			
Capital debt	7,198	-	7,198
Due in more than one year:			
Non-Capital debt	<u>24,118</u>	<u>102,325</u>	<u>126,443</u>
Total Liabilities	<u>2,716,212</u>	<u>3,253,728</u>	<u>5,969,940</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenues property taxes	2,242,513	-	2,242,513
Deferred inflows related to pensions	<u>149,016</u>	<u>195,537</u>	<u>344,553</u>
Total Deferred Inflows of Resources	<u>2,391,529</u>	<u>195,537</u>	<u>2,587,066</u>
NET POSITION			
Net investment in capital assets	1,209,644	2,115,050	3,324,694
Restricted:			
Expendable:			
General Government	16,324	-	16,324
Public Safety	282,236	-	282,236
Public Works	1,909,083	-	1,909,083
Unrestricted	<u>(968,381)</u>	<u>(3,170,480)</u>	<u>(4,138,861)</u>
Total Net Position	<u>\$ 2,448,906</u>	<u>(1,055,430)</u>	<u>1,393,476</u>

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

ISSAQUENA COUNTY
Statement of Activities
For the Year Ended September 30, 2019

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 1,061,327	40,738	-	-	(1,020,589)		(1,020,589)
Public safety	642,065	16,977	5,159	-	(619,929)		(619,929)
Public works	1,177,766	-	827,443	-	(350,323)		(350,323)
Health and welfare	137,597	-	29,028	-	(108,569)		(108,569)
Culture and recreation	34,500	-	-	-	(34,500)		(34,500)
Conservation of natural resources	24,663	-	-	-	(24,663)		(24,663)
Economic development and assistance	1,265	-	-	-	(1,265)		(1,265)
Interest on long-term debt	833	-	-	-	(833)		(833)
Pension Expense	237,761	-	-	-	(237,761)		(237,761)
Total Governmental Activities	<u>3,317,777</u>	<u>57,715</u>	<u>861,630</u>	<u>-</u>	<u>(2,398,432)</u>	<u>-</u>	<u>(2,398,432)</u>
Business-type activities:							
Regional Correctional Facility	3,347,673	2,835,114	-	-	-	(512,559)	(512,559)
Total Business-type Activities	<u>3,347,673</u>	<u>2,835,114</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(512,559)</u>	<u>(512,559)</u>
Total Primary Government	<u>\$ 6,665,450</u>	<u>2,892,829</u>	<u>861,630</u>	<u>-</u>	<u>(2,398,432)</u>	<u>(512,559)</u>	<u>(2,910,991)</u>
General revenues:							
Taxes:							
Property taxes					\$ 2,333,818	-	2,333,818
Road & bridge privilege taxes					37,371	-	37,371
Grants & contributions not restricted to specific programs					67,451	-	67,451
Unrestricted Interest Income					20,515	11,016	31,531
Miscellaneous					118,734	21,180	139,914
Total General Revenues					<u>2,577,889</u>	<u>32,196</u>	<u>2,610,085</u>
Changes in Net Position					<u>179,457</u>	<u>(480,363)</u>	<u>(300,906)</u>
Net Position - Beginning, as previously reported					2,269,449	(517,692)	1,751,757
Prior Period Adjustment					-	(57,375)	(57,375)
Net Position - Beginning, as restated					<u>2,269,449</u>	<u>(575,067)</u>	<u>1,694,382</u>
Net Position - Ending					<u>\$ 2,448,906</u>	<u>(1,055,430)</u>	<u>1,393,476</u>

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

ISSAQUENA COUNTY
Balance Sheet- Governmental Funds
September 30, 2019

Exhibit 3

	General Fund	State Aid Fund	Gas Excise Bond & Interest Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 1,337,887	-	700,087	1,481,544	3,519,518
Property tax receivable	1,842,847	-	-	399,666	2,242,513
Fines receivable. (Net of allowance for uncollectibles of \$230,051)	33,352	-	-	-	33,352
Intergovernmental receivables	11,363	37,747	5,049	21,835	75,994
Other receivables	-	-	-	521	521
Advances to other funds	31,235	-	-	-	31,235
Due from other funds	323,854	-	-	3,579	327,433
Total Assets	<u>3,580,538</u>	<u>37,747</u>	<u>705,136</u>	<u>1,907,145</u>	<u>6,230,566</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Claims payable	86,984	-	-	25,413	112,397
Intergovernmental payables	29,221	-	-	17,306	46,527
Due to other funds	3,579	-	-	757	4,336
Other payables	6,594	-	-	-	6,594
Amounts held in custody for others	23,863	-	-	-	23,863
Total Liabilities	<u>150,241</u>	<u>-</u>	<u>-</u>	<u>43,476</u>	<u>193,717</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	1,842,847	-	-	399,666	2,242,513
Unavailable revenue - fines	33,352	-	-	-	33,352
Total Deferred Inflows of Resources	<u>1,876,199</u>	<u>-</u>	<u>-</u>	<u>399,666</u>	<u>2,275,865</u>
FUND BALANCES:					
Non- Spendable					
Advances	31,235	-	-	-	31,235
Restricted for:	-	-	-	-	-
General government	-	-	-	16,324	16,324
Public safety	-	-	-	282,236	282,236
Public works	-	37,747	705,136	1,166,200	1,909,083
Unassigned	1,522,863	-	-	(757)	1,522,106
Total Fund Balances	<u>1,554,098</u>	<u>37,747</u>	<u>705,136</u>	<u>1,464,003</u>	<u>3,760,984</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,580,538</u>	<u>\$ 37,747</u>	<u>\$ 705,136</u>	<u>\$ 1,907,145</u>	<u>\$ 6,230,566</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, 2019**

Total Fund Balance - Governmental Funds	\$ 3,760,984
Amounts reported for governmental activities 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 \$1,800,045.	1,216,842
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	33,352
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(31,316)
Net pension obligations are not due and payable in the current period, and therefore are not reported in the funds.	(2,495,515)
Deferred outflows and inflows of resources related to pension obligations are applicable to future periods and, therefore are not reported in the governmental fund financial statements:	
Deferred inflows of resources related to pensions	(149,016)
Deferred outflows of resources related to pensions	<u>113,575</u>
Total Net Position - Governmental Activities	<u>\$ 2,448,906</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, 2019

	General Fund	State Aid Fund	Gas Excise Bond & Interest Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 1,992,289	-	-	341,529	2,333,818
Road and bridge privilege taxes	-	-	-	37,371	37,371
Licenses, commissions, and other revenue	17,716	-	-	755	18,471
Fines and forfeitures	43,902	-	-	-	43,902
Intergovernmental revenues	94,528	351,595	80,179	402,779	929,081
Charges for services	10,311	-	-	5,896	16,207
Interest income	17,591	-	901	2,023	20,515
Miscellaneous revenues	9,388	-	-	97,372	106,760
Total Revenues	2,185,725	351,595	81,080	887,725	3,506,125
EXPENDITURES					
Current:					
General government	1,097,488	-	-	7,884	1,105,372
Public safety	609,539	-	-	77,375	686,914
Public works	7,557	383,736	-	801,618	1,192,911
Health and welfare	138,421	-	-	-	138,421
Culture and recreation	34,500	-	-	-	34,500
Conservation of natural resources	24,663	-	-	-	24,663
Economic development and assistance	1,265	-	-	-	1,265
Debt Service:					
Principal	6,794	-	-	-	6,794
Interest	833	-	-	-	833
Total Expenditures	1,921,060	383,736	-	886,877	3,191,673
Excess of Revenues over (under) Expenditures	264,665	(32,141)	81,080	848	314,452
OTHER FINANCING SOURCES (USES)					
Proceeds from the sale of capital assets	21,421	-	-	-	21,421
Total other financing sources and uses	21,421	-	-	-	21,421
Net Changes in Fund Balance	286,086	(32,141)	81,080	848	335,873
Fund Balance - Beginning	1,268,012	69,888	624,056	1,463,155	3,425,111
Fund Balances - Ending	\$ 1,554,098	37,747	705,136	1,464,003	3,760,984

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, 2019**

Net Changes in Fund Balances - Governmental Funds	\$ 335,873
Amounts reported for governmental activities in the Statement of 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 depreciation of \$83,997 exceeded capital outlays of \$41,778.	(42,219)
In the Statement of Activities, only gain 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 net gain of \$11,974 and the proceeds from the sale of \$21,421 in the current period.	(9,447)
Fine revenue recognized on the modified accrual basis in the fund 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.	(20,865)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Position. Thus, the change in net assets differs from the change in fund balances by the amount of debt repayments of \$6,794.	6,794
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. Thus the change in net assets differs from the change in fund balances by the following item:	
Decrease in compensated absences payable	3,349
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	(237,761)
Recognition of contributions made during the year.	143,733
Change in Net Position of Governmental Activities	<u>\$ 179,457</u>

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

ISSAQUENA COUNTY
Statement of Net Position- Proprietary Fund
September 30, 2019

Exhibit 5

	Business-type Activities Enterprise Fund Issaquena County Correctional Facility Fund
ASSETS	
Current assets:	
Investments	\$ 321,920
Intergovernmental receivables	243,814
Other Receivables	320
Total Current Assets	<u>566,054</u>
Noncurrent assets:	
Capital assets:	
Land	17,500
Other capital assets, net	2,097,550
Total Noncurrent Assets	<u>2,115,050</u>
Total Assets	<u>2,681,104</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	62,218
Total Deferred Outflows of Resources	<u>62,218</u>
LIABILITIES	
Current liabilities:	
Claims payable	65,366
Intergovernmental Payables	500
Due to Other Funds	318,252
Advances from other funds	31,235
Total Current Liabilities	<u>415,353</u>
Noncurrent liabilities:	
Non-Capital debt:	
Compensated absences	102,325
Net pension liability	3,085,537
Total Noncurrent Liabilities	<u>3,187,862</u>
Total Liabilities	<u>3,603,215</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	195,537
Total Deferred Inflows of Resources	<u>195,537</u>
NET POSITION	
Net investment in capital assets	2,115,050
Unrestricted	(3,170,480)
Total Net Position	<u>\$ (1,055,430)</u>

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

ISSAQUENA COUNTY**Statement of Revenues, Expenses, and Changes in Fund Net Position- Proprietary Fund
For the Year Ended September 30, 2019****Exhibit 6**

	Business-type Activities - Enterprise Fund
	Issaquena County Correctional Facility Fund
Operating Revenues	
Charges for services	\$ 2,835,114
Miscellaneous	21,180
Total Operating Revenues	<u>2,856,294</u>
Operating Expenses	
Personal services	1,631,897
Contractual services	570,193
Materials and supplies	745,958
Depreciation expense	84,462
Indirect administrative cost	6,305
Pension Expense	308,858
Total Operating Expenses	<u>3,347,673</u>
Operating Income (Loss)	<u>(491,379)</u>
Nonoperating Revenues (Expenses)	
Interest Income	11,016
Net Non-Operating Revenue (Expenses)	<u>11,016</u>
Changes in Net Position	(480,363)
Net Position - Beginning, as previously reported	(517,692)
Prior Period Adjustment	(57,375)
Net Position - Beginning, as restated	<u>(575,067)</u>
Net Position - Ending	<u><u>\$ (1,055,430)</u></u>

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

ISSAQUENA COUNTY
Statement of Cash Flows- Proprietary Fund
For the Year Ended September 30, 2019

Exhibit 7

	Business-type Activities - Enterprise Fund Issaquena County Correctional Facility Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 2,736,453
Payments to suppliers	(1,344,949)
Payments to employees	(1,798,994)
Other miscellaneous cash receipts	92,093
Net Cash Provided (Used) by Operating Activities	<u>(315,397)</u>
Cash Flows From Noncapital Financing Activities	
Payments of interfund loans	(87,939)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(87,939)</u>
Cash Flows From Investing Activities	
Proceeds from sales and maturities of investments	392,320
Interest and dividends on investments	11,016
Net Cash Provided (Used) by Investing Activities	<u>403,336</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of Year	<u>-</u>
Cash and Cash Equivalents at End of Year	<u><u>-</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	<u>(491,379)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	84,462
Changes in assets and liabilities:	
(Increase) decrease in intergovernmental receivables	(28,499)
(Increase) decrease in other receivables	751
(Increase) decrease in deferred outflows of resources	41,828
Increase (decrease) in deferred inflows of resources	106,994
Increase (decrease) in claims payable	(27,173)
Increase (decrease) in compensated absences payable	23,794
Increase (decrease) in intergovernmental payable	500
(Increase) decrease in pension liability	<u>(26,675)</u>
Total Adjustments	<u>175,982</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (315,397)</u></u>

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

ISSAQUENA COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2019

Exhibit 8

ASSETS

Cash	\$ 72,083
Total Assets	<u>72,083</u>

LIABILITIES

Intergovernmental Payables	44,614
Amounts held in custody for others	22,624
Due to other funds	<u>4,845</u>
Total Liabilities	<u>\$ 72,083</u>

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

ISSAQUENA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

(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 a 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 a 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

ISSAQUENA COUNTY
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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 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 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, deferred outflows, liabilities, deferred inflows, fund balances, 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 nonoperating. 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 nonoperating.

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

ISSAQUENA COUNTY
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are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major Governmental Funds:

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

State Aid Fund - This fund is used to account for monies from specific revenue sources that are restricted for state aid projects.

Gas Excise Bond & Interest 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 Enterprise 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 Association.

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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 are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." 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. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental 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 asset costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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

ISSAQUENA COUNTY
Notes to the Financial Statements
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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:

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

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

J. 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 10 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 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.

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 such time as the revenue becomes available.

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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 10 for additional details.

K. 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.

L. 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 Fund Statement of Net Position.

M. 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 (committed, assigned or 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 or unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County’s general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

ISSAQUENA COUNTY
Notes to the Financial Statements
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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, 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 amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if 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, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

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

O. 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.

P. 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, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

Q. Changes in Accounting Standards.

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The provisions of this standard has been incorporated into the financial statements and notes.

(2) Prior Period Adjustment.

A summary of the significant net position adjustment is as follows:

Exhibit 2 - Statement of Activities - Business-type Activities.

<u>Explanation</u>	<u>Amount</u>
Error in cash balance	\$ <u>(57,375)</u>
Total prior period adjustment	\$ <u><u>(57,375)</u></u>

Exhibit 6 - Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds

Error in cash balance	\$ <u>(57,375)</u>
Total prior period adjustment	\$ <u><u>(57,375)</u></u>

ISSAQUENA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$3,591,601, and the bank balance was \$3,753,808. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

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, 2019, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>		<u>Rating</u>
		<u>Level</u>	<u>Fair Value</u>	
Federated Government				
Obligations Mutual Fund	N/A	Level 1	\$ 321,920	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. These investments are uninsured, unregistered and were held by a counterparty in trust accounts on behalf of the County.

ISSAQUENA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2019:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Issaquena Co. Corr Facility	\$ 318,252
General Fund	Other Governmental	757
General Fund	Agency Fund	4,845
Other Governmental	General Fund	<u>3,579</u>
Total		<u>\$ 327,433</u>

The receivables represent the tax revenue collected in September 2019, but not settled until October 2019, indirect costs, as well as funds to cover negative cash balances. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Issaquena Co. Corr Facility	<u>\$ 31,235</u>

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

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2019, consisted of the following:

Governmental Activities:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 8,856
Additional privilege tax	919
Reimbursement for food stamps/welfare	2,498
Reimbursement for state aid roads	37,747
Motor vehicle license	721
Motor vehicle fuel tax	25,247
Miscellaneous	<u>6</u>
Total Governmental Activities	<u>\$ 75,994</u>

Business-type Activities:

Reimbursement for housing prisoners	<u>\$ 243,814</u>
Total Business-type Activities	<u>\$ 243,814</u>

ISSAQUENA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2019:

	Balance				Balance
	Oct. 1, 2018	Additions	Deletions	Adjustments	Sept. 30, 2019
<u>Non Depreciable Capital Assets:</u>					
Land	86,272	-	-	-	86,272
Construction in Progress	57,748	-	-	-	57,748
Total non depreciable capital assets	144,020	-	-	-	144,020
<u>Depreciable Capital Assets:</u>					
Infrastructure	435,181	-	-	-	435,181
Buildings	616,343	-	-	-	616,343
Improvement other than buildings	382,361	-	-	-	382,361
Mobile equipment	1,269,901	33,978	33,737	-	1,270,142
Furniture and equipment	130,533	7,800	-	-	138,333
Leased property under capital lease	30,507	-	-	-	30,507
Total depreciable capital assets	2,864,826	41,778	33,737	-	2,872,867
<u>Less: Accumulated Depreciation for:</u>					
Infrastructure	16,515	8,703	-	-	25,218
Buildings	354,024	9,312	-	-	363,336
Improvement other than buildings	292,505	2,062	-	-	294,567
Mobile equipment	952,327	50,603	24,290	-	978,640
Furniture and equipment	113,985	7,825	-	-	121,810
Leased property under capital lease	10,982	5,492	-	-	16,474
Total accumulated depreciation	1,740,338	83,997	24,290	-	1,800,045
Total depreciable capital assets - net	1,124,488	(42,219)	9,447	-	1,072,822
Governmental activities capital assets, net	1,268,508	(42,219)	9,447	-	1,216,842

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Notes to the Financial Statements
For the Year Ended September 30, 2019

Business-type Activities:

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments	Balance Sept.30, 2019
<u>Non Depreciable Capital Assets:</u>					
Land	\$ 17,500	-	-	-	17,500
Total non-depreciable capital assets	17,500	-	-	-	17,500
<u>Depreciable Capital Assets:</u>					
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
<u>Less accumulated depreciation for:</u>					
Buildings	1,704,218	77,038	-	-	1,781,256
Mobile equipment	83,790	1,046	-	-	84,836
Furniture and equipment	40,678	6,378	-	-	47,056
Total accumulated depreciation	1,828,686	84,462	-	-	1,913,148
Total depreciable capital assets, net	2,182,012	(84,462)	-	-	2,097,550
Business-type activities capital assets, net	\$ 2,199,512	(84,462)	-	-	2,115,050

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 14,452
Public safety	41,433
Public works	28,112
Total governmental activities depreciation expense	<u>\$ 83,997</u>
Business-type activities:	
Correctional facility	<u>\$ 84,462</u>

Commitments with respect to unfinished capital projects at September 30, 2019, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Bridge Project BR1512 2B	Unknown	Unknown
Street Project STP 0553 6B	Unknown	Unknown

(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

ISSAQUENA COUNTY
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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, 2019, to January 1, 2020. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(8) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2019:

<u>Classes of Property</u>	Governmental Activities
Mobile equipment	\$ 30,507
Less: Accumulated depreciation	(16,474)
Leased property under capital lease	<u>\$ 14,033</u>

The following is a schedule by years of the total payments due as of September 30, 2019:

<u>Year Ended September 30</u>	<u>Governmental Activities</u>	
	Principal	Interest
2020	7,198	428

(9) Long-term Debt.

Debt outstanding as of September 30, 2019, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>
Governmental Activities			
Lease property Under Capital Lease			
2016 Ford police interceptor	<u>\$ 7,198</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, 2019, there was no outstanding debt subject to the limitation statutes.

ISSAQUENA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

	Balance Oct.1, 2018	Additions	Reductions	Adjustments	Balance Sept.30, 2019	Amount due within one year
Governmental Activities:						
Capital Lease	13,992	-	6,794	-	7,198	7,198
Compensated absences	27,467	-	3,349	-	24,118	-
Total	41,459	-	10,143	-	31,316	7,198
Business-type Activities:						
Compensated absences	78,531	23,794	-	-	102,325	-
Total	78,531	23,794	-	-	102,325	-

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

(10) **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 additional 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 completion of 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

ISSAQUENA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

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, 2019, 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, 2019 was 17.40% of annual covered payroll. This rate increased as of July 1, 2019 from 15.75%. 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, 2019, 2018 and 2017 were \$330,444, \$342,888 and \$343,069, respectively, equal to the required contributions for each year.

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

At September 30, 2019, the County reported a liability of \$5,581,052 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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 participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2019 net pension liability was 0.031725 percent, which was based on a measurement date of June 30, 2019. This was a decrease of 0.002113 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the County recognized pension expense of \$546,619. At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,523	\$ 6,431
Net difference between projected and actual earnings on pension plan investments	-	78,831
Changes of assumptions	54,778	
Changes in the County's proportion and differences between the County's contributions and proportionate share of contributions	25,270	259,291
County contributions subsequent to the measurement date	92,222	
Total	<u>\$ 175,793</u>	<u>\$ 344,553</u>

\$92,222 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

ISSAQUENA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

Year ending September 30:	
2020	(43,282)
2021	(186,789)
2022	(56,392)
2023	<u>25,481</u>
Total	<u>\$ (260,982)</u>

Actuarial Assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases	3.00 – 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

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.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	27.00%	4.90%
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	1.50
Real Assets	10.00	4.00
Private Equity	8.00	6.25
Cash	<u>1.00</u>	0.25
Total	<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 contribution rate (17.40%). 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.

ISSAQUENA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

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.

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 (6.75%)	1% Increase (8.75%)	Current Discount Rate (7.75%)
County's proportionate share of the net pension liability	\$ 7,336,488	\$ 4,132,100	\$ 5,581,052

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

(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 statements.

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

(12) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of (\$968,381) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$59,582 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, 2020. The \$53,993 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next three years. The \$149,016 balance of the deferred inflow of resources related to pension at September 30, 2019, will be recognized in pension expense over the next four years.

The business-type activities' unrestricted net position amount of (\$3,170,480) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$32,640 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, 2020. The \$29,578 balance of the deferred outflow of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next three years. The \$195,537 balance

ISSAQUENA COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2019

of the deferred inflow of resources related to pension at September 30, 2019, will be recognized in pension expense over the next three years.

(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 County Board of Supervisors appoints one of the four members of the Board of Commissioners. The County appropriated \$20,000 for support in fiscal year 2019.

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 appropriated \$98,018 for maintenance and support of the college in fiscal year 2019.

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 12 members of the Board of Directors. The County appropriated \$1,265 for support in fiscal year 2019.

The 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 the 21 members of the Board of Commissioners. The County levied a 0.75 mill tax for support in fiscal year 2019.

(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, 2019.

(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 May 3, 2021, the date the financial statements were available to be issued, and determined that the no subsequent events have occurred requiring disclosure in the notes to the financial statements.

ISSAQUENA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

ISSAQUENA COUNTY
Budget Comparison Schedule- Budget and Actual (Non- GAAP Basis)- General Fund
For the Year Ended September 30, 2019

UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,867,847	1,992,359	1,992,359	-
Licenses, commissions and other revenue	8,848	8,396	8,396	-
Fines and forfeitures	60,074	46,948	46,948	-
Intergovernmental revenues	47,335	68,977	68,977	-
Charges for services	50,000	15,043	15,043	-
Interest income	6,000	17,590	17,590	-
Miscellaneous revenues	13,558	83,003	83,003	-
Total Revenues	<u>2,053,662</u>	<u>2,232,316</u>	<u>2,232,316</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	1,786,837	1,081,810	1,107,919	(26,109)
Public safety	643,352	620,067	620,067	-
Public works	8,800	7,524	7,524	-
Health and welfare	172,498	138,660	138,660	-
Culture and recreation	36,000	96,947	96,947	-
Conservation of natural resources	57,454	26,607	26,607	-
Economic Development	1,265	1,265	1,265	-
Total Expenditures	<u>2,706,206</u>	<u>1,972,880</u>	<u>1,998,989</u>	<u>(26,109)</u>
Excess of Revenues over (under) Expenditures	<u>(652,544)</u>	<u>259,436</u>	<u>233,327</u>	<u>(26,109)</u>
Net Change in Fund Balance	(652,544)	259,436	233,327	(26,109)
Fund Balances - Beginning	<u>2,006,859</u>	<u>1,547,893</u>	<u>1,354,951</u>	<u>(192,942)</u>
Fund Balances - Ending	<u>\$ 1,354,315</u>	<u>1,807,329</u>	<u>1,588,278</u>	<u>(219,051)</u>

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

ISSAQUENA COUNTY
Budget Comparison Schedule- Budget and Actual (Non- GAAP Basis)- State Aid Fund
For the Year Ended September 30, 2019

UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues		22,422	22,422	-
Total Revenues	-	22,422	22,422	-
EXPENDITURES				
Current:				
Public works		92,310	92,310	-
Total Expenditures	-	92,310	92,310	-
Excess of Revenues over (under) Expenditures	-	(69,888)	(69,888)	-
Net Change in Fund Balance	-	(69,888)	(69,888)	-
Fund Balances - Beginning			69,888	69,888
Fund Balances - Ending	\$ -	(69,888)	-	69,888

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

ISSAQUENA COUNTY
Budget Comparison Schedule- Budget and Actual (Non- GAAP Basis)- Gas Excise Bond & Interest Fund
For the Year Ended September 30, 2019

UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	75,560	80,128	80,128	-
Miscellaneous revenues		901	901	-
Total Revenues	<u>75,560</u>	<u>81,029</u>	<u>81,029</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works				-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>75,560</u>	<u>81,029</u>	<u>81,029</u>	<u>-</u>
Net Change in Fund Balance	75,560	81,029	81,029	-
Fund Balances - Beginning	<u>610,886</u>	<u>700,087</u>	<u>619,058</u>	<u>(81,029)</u>
Fund Balances - Ending	<u>\$ 686,446</u>	<u>781,116</u>	<u>700,087</u>	<u>(81,029)</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, 2019

UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportionate share of the net pension liability (asset)	0.031725%	0.033838%	0.033955%	0.032090%	0.031166%	0.030314%
County's proportion of the net pension liability (asset)	5,581,052	5,628,265	5,644,474	5,732,075	4,817,649	3,679,565
County's covered payroll	2,032,879	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	274.539310%	260.458455%	259.132173%	270.960266%	247.427781%	198.643182%
Plan fiduciary net position as a percentage of the total pension liability	61.590000%	62.540000%	61.490000%	57.470000%	61.703983%	67.207687%

* The amounts presented for each fiscal year were determined as of the twelve months ended at 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 was 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, 2019

UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 330,444	342,888	343,069	338,778	313,058
Contributions in relation to the contractually required contribution	<u>330,444</u>	<u>342,888</u>	<u>343,069</u>	<u>338,788</u>	<u>313,058</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County covered payroll	\$ 2,041,035	2,177,067	2,178,210	2,150,971	1,987,663
Contributions as a percentage of covered payroll	16.19%	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 2019 contributions as percentage of covered payroll will be an average of the former contribution rate of 15.75% and the current contribution rate of 17.40%.

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

ISSAQUENA COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2019

UNAUDITED

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of 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 Budgetary 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:

	General Fund	State Aid Fund	Gas Excise Bond & Interest Fund
Budget (Cash Basis)	\$ 233,327	(69,888)	81,029
Increase (Decrease)			
Net adjustments for revenue accruals	(25,170)	37,747	51
Net adjustments for expenditure accruals	77,929	-	-
GAAP Basis	<u>\$ 286,086</u>	<u>(32,141)</u>	<u>81,080</u>

ISSAQUENA COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2019

UNAUDITED

Pension Schedules

A. 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%.

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy 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 assumptions 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 experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

2019

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.

For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

For males, 137% of male rates at all ages.

ISSAQUENA COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2019

UNAUDITED

For females, 115% of female rates at all ages.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

B. Changes in benefit provisions.

2016

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.

Method and assumptions used in calculations of actuarially determined contributions.

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for the June 30, 2019 fiscal year end). 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	38.4 years
Asset valuation method	5-year smoothed market
Price Inflation	3.00 percent
Salary increase	3.25 percent to 18.50 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, 2019

UNAUDITED

Name	Position	Company	Bond
Eddie Hatcher	Supervision District 1	Travelers Casualty & Surety Co.	\$ 100,000
John T. Kerr Jr.	Supervision District 2	Travelers Casualty & Surety Co.	\$ 100,000
Stallard Williams	Supervision District 3	Travelers Casualty & Surety Co.	\$ 100,000
Michael Parker	Supervision District 4	Travelers Casualty & Surety Co.	\$ 100,000
William Holcomb	Supervision 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
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
Melinda Braxton	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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GOVERNMENT AUDIT QUALITY CENTER

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

Members of the Board of Supervisors
Issaquena County, Mississippi

We have audited, in accordance with the 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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 3, 2021.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Auditing Standards.

We noted certain matters which we have reported to the management of Issaquena County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated May 3, 2021, included within this document.

Purpose of this Report

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

Bridgers, Goodman, Baird & Clarke, PLLC

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

May 3, 2021



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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 Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2019. 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 such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of 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.

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

Purchase Clerk.

1. Establish and maintain internal control and compliance with Public Purchasing Laws.

Repeat Finding No

Criteria The County is responsible for complying with the requirements of the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37.

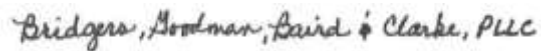
Condition	The County failed to comply with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37. A well-designed purchasing system would comply with the provisions of Titles 31 and 37 and would include the use of purchase requisitions, purchase orders, and receiving reports. During our test work we selected thirty-five items and noted numerous instances where there were either no invoices, purchase requisitions, or purchase orders, or the documentation provided was not signed by authorized personnel.
Cause	The County has failed to establish and maintain an adequate internal control system to ensure compliance with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37.
Effect	The County is not in compliance with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37.
Recommendation	The County should establish and maintain an adequate internal control system which would ensure that the County is in compliance with the State of Mississippi Policies and Procedures with reference to the Public Purchasing Laws: Titles 31 and 37.
Views of Responsible Official	The County has taken the recommendations and is in the process of working to be in compliance with the state policies and procedures to the public purchasing laws.
2.	<u>Maintain an up-to-date fixed asset listing in accordance with the State of Mississippi County Fixed Asset Management Manual and the referenced related codified statutes.</u>
Repeat Finding	No
Criteria	The County is responsible for complying with the guidelines provided in the County Fixed Assets Management Manual as recommended by the Office of the State Auditor, authorized by Miss. Code Ann. §31-7-113.
Condition	The County failed to comply with the guidelines provided by the State Auditor's Office in the County Fixed Asset Management Manual. During the course of our testing, we were provided an inventory listing by their inventory clerk as well as an asset schedule created and maintained by the County's compilation accountant. However, we were unable to test the accuracy of the asset listing due to the County's failure to physically tag and number the assets.
Cause	The County has failed to establish and maintain an adequate internal control system to ensure compliance with the State of Mississippi County Fixed Asset Management Manual with reference to the various related codified statutes.
Effect	The County is not in compliance with the State of Mississippi County Fixed Asset Management Manual with reference to the various related codified statutes.
Recommendation	The County should establish and maintain an adequate internal control system which would ensure that the County is in compliance with the State of Mississippi County Fixed Asset Management Manual with reference to the various related codified statutes.
Views of Responsible Official	The County will comply with the recommendations given and physically tag and number each asset.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Issaquena County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2019.

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 in relation to that examination.

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 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
Certified Public Accountants
Vicksburg, Mississippi

May 3, 2021

ISSAQUENA COUNTY

**Schedule of Purchases from Other Than the Lowest Bidder
For the Year Ended September 30, 2019**

Schedule 1

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

ISSAQUENA COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2019

Schedule 2

Our tests did not identify any emergency purchases.

ISSAQUENA COUNTY

**Schedule of Purchases Made Noncompetitively from a Sole Source
For the Year Ended September 30, 2019**

Schedule 3

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, 2019, 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 May 3, 2021, 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 immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

1. 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.

Views of Responsible Official

As of 2020, we began making sure all forms were filled out and put into each employee's file. Each employee has also been put on the agenda and approved by the Board. Pay rate is also approved. Copy of minutes in the file as well.

Chancery/Circuit Clerk.

2. 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 accurately on a monthly basis.

Views of Responsible Official

We are in the process of working on this to get in compliance.

Justice Court Clerk.

3. Justice Court Clerk is not making settlements timely.

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.
Views of Responsible Official	This has been corrected. The books were in disarray when I took over so Delta had to get them up to par for October, November, December, January, February, March and April of 2019-2020. I settle on time now. The previous clerk did not settle in a timely manner.
4.	<u>The Justice Court Clerk is not making bank deposits timely.</u>
Repeat Finding	No
Criteria	Management is responsible for establishing a proper internal control system to ensure a strong financial accountability and safeguarding of assets and revenue.
Condition	During the course of our test work, we noted numerous instances where bank deposits were not being made timely.
Cause	This is due to inadequate internal controls surrounding the deposits 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 bank deposits are being made in a timely manner.
Views of Responsible Official	Deposits were not made timely by the previous clerk. I make sure all monies are deposited in a timely manner preferably the next business day.
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 accurately on a monthly basis.

Views of Responsible Official

A system has been put in place to ensure this is corrected and that the bank reconciliations are done accurately in a timely manner.

6. Sheriff's Office is not making settlements timely.

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 six 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.

Views of Responsible Official

A system was put in place to ensure the financial accountability are safeguarded and the County is given the money in a timely manner.

7. Inmates are being fed at a daily cost exceeding the statutorily set amount.

Repeat Finding No

Criteria MS Code Ann. 19-25-73(b) authorizes payment for feeding inmates not to exceed a statutorily approved value. The maximum value allowed is \$6.00 per day, which was raised during the fiscal year to \$15.00 per day per inmate.

Condition During the course of our testing, we noted that the cost allocated to feeding inmates at the Issaquena County Correctional Facility was \$84.02, an amount grossly exceeding the statutorily allowed value.

Cause This is due to inadequate controls over food procurement and preparation.

Effect Inadequate controls surrounding purchasing and preparing food could result in theft of assets and improper expenditure of public funds.

Recommendation The Sheriff should make necessary changes in food procurement and preparation in order to comply with the \$15.00 per day statutory limit.

Views of Responsible Official

An analysis was conducted to ensure the food cost stay below the recommended

allowance allowed by the state. This will continue to be monitored daily and weekly.

Tax Assessor-Collector

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

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 seventeen 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.

Views of Responsible Official

As of 2020, we are having personal property sales now. We are up to date. We had no sales this year.

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

May 3, 2021

ISSAQUENA COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

ISSAQUENA COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2019

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? | None reported |
| 3. | Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

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