

# MONTGOMERY COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2019

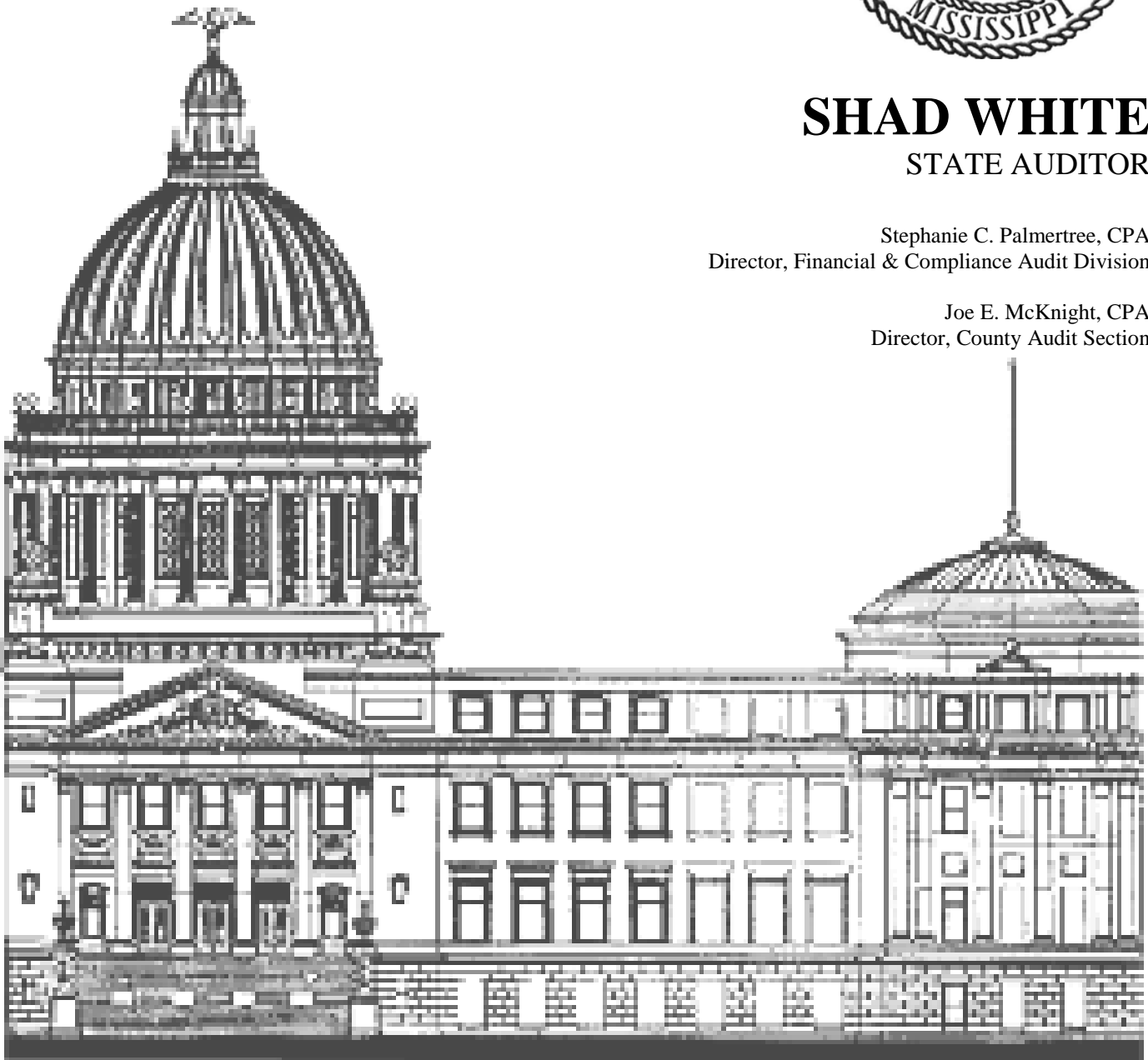


## SHAD WHITE

STATE AUDITOR

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

Joe E. McKnight, CPA  
Director, County Audit Section



A Report from the County Audit Section

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









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

**Shad White**  
AUDITOR

May 25, 2021

Members of the Board of Supervisors  
Montgomery County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2019 financial and compliance audit report for Montgomery County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

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

Shad White



MONTGOMERY COUNTY

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MONTGOMERY COUNTY

FINANCIAL SECTION

MONTGOMERY COUNTY

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

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Montgomery County, Mississippi

**Report on the Financial Statements**

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montgomery County, Mississippi, (the County) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

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

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

### ***Adverse Opinion***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the cash basis financial position of the aggregate discretely presented component units of Montgomery County, Mississippi, as of September 30, 2019, or the changes in cash basis financial position thereof for the year then ended in accordance with accounting principles applicable to the County's cash basis of accounting.

### ***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Montgomery County, Mississippi, as of September 30, 2019, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

### ***Basis of Accounting***

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

### ***Other Matters***

#### ***Report on Supplementary and Other Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2021 on our consideration of Montgomery County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Montgomery 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 Montgomery County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

May 25, 2021

MONTGOMERY COUNTY

FINANCIAL STATEMENTS

MONTGOMERY COUNTY

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MONTGOMERY COUNTY  
Statement of Net Position - Cash Basis  
September 30, 2019

Exhibit 1

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash	\$ 5,254,815
Total Assets	\$ 5,254,815
NET POSITION	
Restricted:	
Expendable:	
General government	\$ 265,046
Public safety	104,160
Public works	1,367,394
Health and welfare	102,056
Debt service	52,541
Unemployment compensation	13,523
Unrestricted	3,350,095
Total Net Position	\$ 5,254,815

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

MONTGOMERY COUNTY  
Statement of Activities - Cash Basis  
For the Year Ended September 30, 2019

Exhibit 2

Functions/Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,410,362	308,097	18,228		(2,084,037)
Public safety	1,216,501	192,141	174,505	31,600	(818,255)
Public works	2,774,209	318,629	570,937	442,559	(1,442,084)
Health and welfare	102,352		17,057		(85,295)
Culture and recreation	86,340		125,557		39,217
Conservation of natural resources	84,796				(84,796)
Economic development and assistance	72,141				(72,141)
Debt service:					
Principal	130,455				(130,455)
Interest	58,105				(58,105)
Total Governmental Activities	\$ 6,935,261	818,867	906,284	474,159	(4,735,951)
General receipts:					
Property taxes				\$	4,203,080
Road & bridge privilege taxes					130,960
Grants and contributions not restricted to specific programs					289,192
Unrestricted interest income					16,518
Miscellaneous					237,774
Proceeds from debt issuance					274,600
Sale of county property					78,077
Total General Receipts and Other Cash Sources					5,230,201
Changes in Net Position					494,250
Net Position - Beginning					4,760,565
Net Position - Ending				\$	5,254,815

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



MONTGOMERY COUNTY  
Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
September 30, 2019

Exhibit 3

	<u>Major Funds</u>			
	General	Unit System Road and Bridge Maintenance Fund	Other Governmental Funds	Total Governmental Funds
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
ASSETS				
Cash	\$ 3,156,806	881,827	1,216,182	5,254,815
Total Assets	<u>\$ 3,156,806</u>	<u>881,827</u>	<u>1,216,182</u>	<u>5,254,815</u>
FUND BALANCES				
Restricted for:				
General government	\$		265,046	265,046
Public safety			104,160	104,160
Public works		881,827	485,567	1,367,394
Health and welfare			102,056	102,056
Debt service			52,541	52,541
Unemployment compensation			13,523	13,523
Assigned to:				
Culture and recreation			195,481	195,481
Unassigned	3,156,806		(2,192)	3,154,614
Total Fund Balances	<u>\$ 3,156,806</u>	<u>881,827</u>	<u>1,216,182</u>	<u>5,254,815</u>

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

## MONTGOMERY COUNTY

Exhibit 4

## Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -

## Governmental Funds

For the Year Ended September 30, 2019

	Major Funds		Other	Total
	General	Unit System Road and Bridge Maintenance Fund	Governmental Funds	Governmental Funds
	Fund			
RECEIPTS				
Property taxes	\$ 3,024,378	486,324	692,378	4,203,080
Road and bridge privilege taxes		130,960		130,960
Licenses, commissions and other receipts	111,528		4,554	116,082
Fines and forfeitures	204,390		16,339	220,729
Intergovernmental receipts	498,115	880,798	290,722	1,669,635
Charges for services			482,056	482,056
Interest income	14,270	929	1,319	16,518
Miscellaneous receipts	155,420	27,241	55,113	237,774
Total Receipts	4,008,101	1,526,252	1,542,481	7,076,834
DISBURSEMENTS				
General government	2,240,396		169,966	2,410,362
Public safety	799,570		416,931	1,216,501
Public works	75,807	1,789,418	908,984	2,774,209
Health and welfare	102,352			102,352
Culture and recreation			86,340	86,340
Conservation of natural resources	84,796			84,796
Economic development and assistance	72,141			72,141
Debt service:				
Principal	59,383	41,072	30,000	130,455
Interest	39,991	10,610	7,504	58,105
Total Disbursements	3,474,436	1,841,100	1,619,725	6,935,261
Excess (Deficiency) of Receipts over (under) Disbursements	533,665	(314,848)	(77,244)	141,573
OTHER CASH SOURCES (USES)				
Proceeds from long-term debt issuance		274,600		274,600
Sale of county property	4,900	73,177		78,077
Transfers in			229,667	229,667
Transfers out	(216,700)		(12,967)	(229,667)
Total Other Cash Sources and Uses	(211,800)	347,777	216,700	352,677
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	321,865	32,929	139,456	494,250
Cash Basis Fund Balances - Beginning	2,834,941	848,898	1,076,726	4,760,565
Cash Basis Fund Balances - Ending	\$ 3,156,806	881,827	1,216,182	5,254,815

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

## MONTGOMERY COUNTY

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

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

##### A. Financial Reporting Entity.

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

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

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

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

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

##### B. Basis of Presentation.

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

##### Government-wide Financial Statements:

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

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

## MONTGOMERY COUNTY

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

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

#### Fund Financial Statements:

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

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

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

The County reports the following major Governmental Funds:

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

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

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

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

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

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

#### FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries. However, the balances in the Agency Funds for the year ended September 30, 2019 were \$0.

## MONTGOMERY COUNTY

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

#### D. Account Classifications.

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

#### E. Deposits.

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

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

#### F. Equity Classifications.

Government-wide Financial Statements:

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

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

## MONTGOMERY COUNTY

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

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

#### Fund Balance Flow Assumption:

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

#### G. Property Tax Receipts.

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

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

#### (2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$5,254,815, and the bank balance was \$5,656,830. 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.

# MONTGOMERY COUNTY

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

### (3) Interfund Transfers.

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

Transfers In/Out:

Transfers In	Transfers Out	Amount
Other Governmental Funds	General Fund	\$ 216,700
Other Governmental Funds	Other Governmental Funds	12,967
Total		<u>229,667</u>

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

### (4) Claims and Judgments.

Risk Financing.

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

### (5) Other Postemployment Benefits.

Plan Description

The Montgomery County Board of Supervisors administers the County's health insurance plan which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Montgomery County Board of Supervisors. The County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan (the Plan). Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 75 as a single employer defined benefit health care plan. The County does not issue a publicly available financial report for the Plan.

Funding Policy

Employees' premiums are funded by the County with additional funding provided by retired employees and by active employees for spouse and dependent medical coverage. The Plan is financed on a pay-as-you-go basis. The Board of Supervisors, acting in conjunction with the commercial insurance company, has the sole authority for setting health insurance premiums for the County's health insurance plan.

Per Section 25-15-103, Mississippi Code Ann. (1972), any retired elected official with sixteen (16) years or more of service electing to purchase retiree health insurance must pay the full cost of the insurance premium monthly to the County. For the year ended September 30, 2019, retiree premiums range from \$485 to \$541 depending on dependent coverage and Medicare eligibility. Although, with regard to retirees, these amounts contain an implicit rate subsidy by the County through a reduced blended premium covering all current employees and retirees, there is no actuarial valuation performed to determine the amount of such subsidy.

## MONTGOMERY COUNTY

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

#### Contributions Made

Because the retiree insurance premiums are paid entirely by retiree contributions, there is no net cash outflow by the County related to these benefits when paid. Therefore, there are no cash basis disbursements reported for the County in regard to the plan benefits for retirees. For fiscal year 2019, retiree and beneficiaries receiving benefits contributed \$6,474 in the form of insurance premium payments.

#### (6) Contingencies.

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

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

#### (7) Commitment.

Montgomery County entered into an Interlocal Cooperation Agreement with the City of Winona, dated May 28, 2010, to support the Holiday Inn Express construction of infrastructure. The City of Winona issued tax increment financing bonds of \$350,000. Montgomery County has agreed to provide payments of 50% of the ad valorem taxes on the Holiday Inn assessment of real and personal property taxes ending in the fiscal year 2022. Montgomery County contributed \$18,671 in the fiscal year 2019.

#### (8) Joint Venture.

The County participates in the following joint venture:

Montgomery County is a participant with the City of Winona in a joint venture, authorized by Section 61-3-5, Miss. Code Ann. (1972), to operate the Winona-Montgomery County Airport Authority. The joint venture was created to construct, manage, control and operate the Winona-Montgomery County Airport and it is governed by a five-member board of commissioners appointed as follows: Montgomery County, two; City of Winona, two; jointly, one. By contractual agreement, all costs of the airport shall be borne equally by both parties. The County contributed \$17,807 for maintenance and support of the airport in fiscal year 2019. Financial statements for the Winona-Montgomery County Airport Authority were not available.

#### (9) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Region Six Mental Health/Mental Retardation Center/Life Help operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Humphreys, Leflore, Montgomery and Sunflower. The Montgomery County Board of Supervisors appoints one of the eight members of the board of commissioners. The County contributed \$22,598 for support of the center in fiscal year 2019.

North Central Planning and Development District operates in a district composed of the counties of Attala, Carroll, Grenada, Holmes, Leflore, Montgomery and Yalobusha. The Montgomery County Board of Supervisors appoints four of the 28 members of the district board of directors. The County contributed \$35,316 for the maintenance and support of the district in fiscal year 2019.



## MONTGOMERY COUNTY

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

Holmes Community College operates in a district composed of the counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Montgomery County Board of Supervisors appoints two of the 22 members of the college board of trustees. The County contributed \$140,815 for maintenance and support of the college in fiscal year 2019.

Mid-Mississippi Regional Library System operates in a district composed of the counties of Attala, Holmes, Leake, Montgomery and Winston. The Montgomery County Board of Supervisors appoints one of the five members of the library board of directors. The County contributed \$175,069 for maintenance and support of the library in fiscal year 2019.

Mississippi Regional Housing Authority IV operates in a district composed of the counties of Carroll, Choctaw, Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster and Winston. The Montgomery County Board of Supervisors appoints one of the nine members of the board of commissioners. The County did not contribute any funds to the authority in fiscal year 2019.

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

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

Funding Policy. At September 30, 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 rate at September 30, 2019 was 17.40% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2019, 2018 and 2017 were \$316,033, \$290,014 and \$287,429, respectively, equal to the required contributions for each year.

MONTGOMERY COUNTY

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MONTGOMERY COUNTY

OTHER INFORMATION

MONTGOMERY COUNTY

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Property taxes	\$ 2,961,794	3,024,378	3,024,378	
Licenses, commissions and other receipts	158,962	111,528	111,528	
Fines and forfeitures	132,722	204,390	204,390	
Intergovernmental receipts	215,462	498,115	498,115	
Interest income	16,600	14,270	14,270	
Miscellaneous receipts	156,732	155,420	155,420	
Total Receipts	<u>3,642,272</u>	<u>4,008,101</u>	<u>4,008,101</u>	<u>0</u>
<b>DISBURSEMENTS</b>				
Current:				
General government	2,263,804	2,240,396	2,240,396	
Public safety	885,139	799,570	799,570	
Public works	18,010	75,807	75,807	
Health and welfare	136,245	102,352	102,352	
Culture and recreation	20,705			
Conservation of natural resources	85,827	84,796	84,796	
Economic development and assistance	100,966	72,141	72,141	
Debt service:				
Principal		59,383	59,383	
Interest		39,991	39,991	
Total Disbursements	<u>3,510,696</u>	<u>3,474,436</u>	<u>3,474,436</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>131,576</u>	<u>533,665</u>	<u>533,665</u>	<u>0</u>
<b>OTHER CASH SOURCES (USES)</b>				
Sale of county property		4,900	4,900	
Transfers out		(216,700)	(216,700)	
Other financing sources	330,181			
Other financing uses	(554,881)			
Total Other Cash Sources and Uses	<u>(224,700)</u>	<u>(211,800)</u>	<u>(211,800)</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(93,124)</u>	<u>321,865</u>	<u>321,865</u>	
Cash Basis Fund Balances - Beginning	<u>2,497,921</u>	<u>2,834,941</u>	<u>2,834,941</u>	
Cash Basis Fund Balances - Ending	<u>\$ 2,404,797</u>	<u>3,156,806</u>	<u>3,156,806</u>	<u>0</u>

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

MONTGOMERY COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Unit System Road and Bridge Maintenance Fund  
 For the Year Ended September 30, 2019  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Property taxes	\$ 458,482	486,324	486,324	
Road and bridge privilege taxes	106,000	130,960	130,960	
Intergovernmental receipts	496,000	880,798	880,798	
Interest income		929	929	
Miscellaneous receipts	6,500	27,241	27,241	
Total Receipts	<u>1,066,982</u>	<u>1,526,252</u>	<u>1,526,252</u>	<u>0</u>
<b>DISBURSEMENTS</b>				
Current:				
Public works	1,187,283	1,789,418	1,789,418	
Debt service:				
Principal		41,072	41,072	
Interest		10,610	10,610	
Total Disbursements	<u>1,187,283</u>	<u>1,841,100</u>	<u>1,841,100</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(120,301)</u>	<u>(314,848)</u>	<u>(314,848)</u>	<u>0</u>
<b>OTHER CASH SOURCES (USES)</b>				
Proceeds from debt		274,600	274,600	
Sale of county property		73,177	73,177	
Total Other Cash Sources and Uses	<u>0</u>	<u>347,777</u>	<u>347,777</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(120,301)</u>	<u>32,929</u>	<u>32,929</u>	
Cash Basis Fund Balances - Beginning	<u>1,278,182</u>	<u>848,898</u>	<u>848,898</u>	
Cash Basis Fund Balances - Ending	<u>\$ 1,157,881</u>	<u>881,827</u>	<u>881,827</u>	<u>0</u>

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

MONTGOMERY COUNTY  
Schedule of Interfund Loans  
For the Year Ended September 30, 2019  
UNAUDITED

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

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Balance at Sept. 30, 2019
General Fund	Other Governmental Funds	\$ 2,192
Unit System Road and Bridge Maintenance Fund	General Fund	12,826
Other Governmental Funds	Other Governmental Funds	7,476
Other Governmental Funds	Agency Funds	<u>8,249</u>
Total		\$ <u><u>30,743</u></u>

The amounts due represent amounts received from various funds to cover deficit cash balances and errors in posting receipts to incorrect funds. All interfund balances are expected to be repaid within one year from the date of the financial statements.

MONTGOMERY COUNTY  
Schedule of Capital Assets  
For the Year Ended September 30, 2019  
UNAUDITED

**Governmental activities:**

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments*	Balance Sept. 30, 2019
Land	\$ 211,973				211,973
Construction in progress	148,440	211,314		(247,835)	111,919
Infrastructure	11,586,246			247,835	11,834,081
Buildings	5,651,612				5,651,612
Mobile equipment	4,337,615	118,680	909,655		3,546,640
Furniture and equipment	588,486				588,486
Leased property under capital leases		476,000			476,000
Total capital assets	\$ 22,524,372	805,994	909,655	0	22,420,711

\*Adjustments are to reflect certain routine reclassifications of completed construction in progress to infrastructure.



MONTGOMERY COUNTY  
Schedule of Changes in Long-term Debt  
For the Year Ended September 30, 2019  
UNAUDITED

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

<u>Description and Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Oct. 1, 2018</u>	<u>Issued</u>	<u>Principal Payments</u>	<u>Balance Sept. 30, 2019</u>
<b>Governmental Activities:</b>							
A. General Obligation Bonds:							
DHS Justice Court building	03/2010	03/2024	4.10%	\$ 198,000		30,000	168,000
General obligation public improvement bonds	03/2014	02/2034	3.00/4.00%	850,000		40,000	810,000
B. Capital Leases:							
Caterpillar motor grader	12/2018	12/2023	4.89%		137,300	20,536	116,764
Caterpillar motor grader	12/2018	12/2023	4.89%		137,300	20,536	116,764
C. Other Loans:							
MDA Cap Loan - Mental Health building	06/2003	05/2022	3.00%	26,626		6,751	19,875
MDA Cap Loan - Screw Conveyor	06/2012	05/2035	3.00%	<u>271,844</u>		<u>12,632</u>	<u>259,212</u>
Total				\$ <u>1,346,470</u>	<u>274,600</u>	<u>130,455</u>	<u>1,490,615</u>

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

MONTGOMERY COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2019  
UNAUDITED

Name	Position	Company	Bond
Keith McGee	Supervisor District 1	Western Surety Company	\$100,000
Edwin Taylor	Supervisor District 2	The Ohio Casualty Insurance Company	\$100,000
Willie Townsend, Jr.	Supervisor District 3	The Ohio Casualty Insurance Company	\$100,000
James Ronald Wood, Jr.	Supervisor District 4	Western Surety Company	\$100,000
Janet Harper	Supervisor District 5	The Ohio Casualty Insurance Company	\$100,000
Ryan Wood	County Administrator	The Ohio Casualty Insurance Company	\$100,000
Ryan Wood	Chancery Clerk	The Ohio Casualty Insurance Company	\$100,000
Ryan Wood	Purchase Clerk	The Ohio Casualty Insurance Company	\$75,000
Terri L. Wilson	Receiving Clerk	Western Surety Company	\$75,000
Catherine Brock	Assistant Receiving Clerk	The Ohio Casualty Insurance Company	\$50,000
Laura Ables	Assistant Receiving Clerk	The Ohio Casualty Insurance Company	\$50,000
Brandi Holly	Assistant Receiving Clerk	The Ohio Casualty Insurance Company	\$50,000
Ryan Wood	Inventory Control Clerk	The Ohio Casualty Insurance Company	\$75,000
Ashly Eldridge	Assistant Inventory Control Clerk	State Automobile Mutual Insurance Company	\$50,000
Chris Breazeale	Road Manager	The Ohio Casualty Insurance Company	\$50,000
L.C. Smith	Constable	Western Surety Company	\$50,000
Jerry Dale Bridges	Constable	Western Surety Company	\$50,000
Lanelle G. Martin	Circuit Clerk	Western Surety Company	\$100,000
Lesa Carole Goldman	Deputy Circuit Clerk	Old Republic Surety Company	\$50,000
Jerry C. "Bubba" Nix	Sheriff	Western Surety Company	\$100,000
Calvin Young	Sheriff Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	State Automobile Mutual Insurance Company	\$50,000
Charles M. Burrell	Sheriff Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	The Ohio Casualty Insurance Company	\$50,000
Barry Gregg	Sheriff Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	The Ohio Casualty Insurance Company	\$50,000
Shawn Ware	Sheriff Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	The Ohio Casualty Insurance Company	\$50,000
Marion Bell	Sheriff Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Western Surety Company	\$50,000
Jacob Edwards	Sheriff Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Western Surety Company	\$50,000
Larry Edward Bamberg	Justice Court Judge	The Ohio Casualty Insurance Company	\$50,000
Keith S. Roberts	Justice Court Judge	Western Surety Company	\$50,000
Karen T. Carter	Justice Court Clerk	Western Surety Company	\$75,000
Tilford Robinson	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Jennifer Johnson	Deputy Justice Court Clerk	The Ohio Casualty Insurance Company	\$50,000
Velma Young	Tax Assessor-Collector	Western Surety Company	\$100,000
Sharon Pyron	Deputy Tax Collector	The Ohio Casualty Insurance Company	\$50,000
Mary Brianna Bailey	Deputy Tax Collector	State Automobile Mutual Insurance Company	\$50,000
Monica S. Turner	Deputy Tax Collector	Old Republic Surety Company	\$50,000

## MONTGOMERY COUNTY

### Notes to the Other Information For the Year Ended September 30, 2019

(1) Budgetary Comparison Information.

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

(2) Long-term Debt Information:

A. Legal Debt Margin – The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2019, the amount of outstanding debt was equal to 1.43% of the latest property assessments.

B. Subsequent Events.

Subsequent to September 30, 2019, the County issued the following debt obligation:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
07/07/2020	2.50%	\$ 132,938	Capital lease	Ad valorem taxes

MONTGOMERY COUNTY

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## MONTGOMERY COUNTY

### SPECIAL REPORTS

MONTGOMERY COUNTY

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

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

Members of the Board of Supervisors  
Montgomery County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montgomery County, Mississippi (the County), as of and for the year ended September 30, 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 25, 2021. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2019-001, 2019-002, 2019-003, 2019-004 and 2019-005 to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Montgomery County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2019-002.

We noted a certain matter that we reported to the management of Montgomery County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules dated May 25, 2021, included within this document.

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

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

## **Purpose of this Report**

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



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

May 25, 2021





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

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

Members of the Board of Supervisors  
Montgomery County, Mississippi

We have examined Montgomery County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2019. The Board of Supervisors of Montgomery County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

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

**Purchase Clerk.**

1. Sole source purchases should be authorized and documented in the Board of Supervisors' minutes and included on the Purchase Clerk's schedules.

**Repeat Finding** No

**Criteria** Section 31-7-13(m), Miss. Code Ann. (1972), requires the Board of Supervisors to authorize and document purchases made noncompetitively from a sole source on its minutes.

**Condition** The Board of Supervisors did not document the approval of a sole source on its minutes.

**Cause** The County did not follow state law.

<b>Effect</b>	The lack of proper approval and documentation could result in unauthorized purchases.
<b>Recommendation</b>	The Board of Supervisors should approve and document in its minutes all purchases made noncompetitively from a sole source.
<b>Views of Responsible Official(s)</b>	We will comply.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Montgomery County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 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 of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

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

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



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

May 25, 2021

## MONTGOMERY COUNTY

Schedule 1Schedule of Purchases From Other Than the Lowest Bidder  
For the Year Ended September 30, 2019

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
10/05/2018	Cold mix	\$ 115/ton	APAC MS	\$ 80/ton	Quality issues
10/10/2018	CRS-2P emulsion	2.42/gallon	Ergon	1.72/gallon	Vendor could not deliver
10/18/2018	Wash gravel	15.25/ton	Memphis Stone	12.25/ton	Vendor ran out of material
11/16/2018	Cold mix	135/ton	Lehman-Roberts	80/ton	Quality issues
01/07/2019	Cold mix	135/ton	Lehman-Roberts	80/ton	Quality issues
01/09/2019	Cold mix	135/ton	Lehman-Roberts	80/ton	Quality issues
01/10/2019	Cold mix	135/ton	Lehman-Roberts	80/ton	Quality issues
05/03/2019	Cold mix	115/ton	APAC MS	80/ton	Quality issues
08/07/2019	Cold mix	140/ton	Lehman-Roberts	80/ton	Quality issues

MONTGOMERY COUNTY

Schedule 2

Schedule of Emergency Purchases

For the Year Ended September 30, 2019

Our tests did not identify any emergency purchases.

## MONTGOMERY COUNTY

Schedule 3Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2019

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
12/12/2018	Steel mill slag	\$ 8,000	Golden Triangle Mill Services
03/05/2019	Steel mill slag	16,000	Golden Triangle Mill Services
03/07/2019	Court imaging system	7,000	Data Systems Management
06/07/2019	Steel mill slag	5,000	Golden Triangle Mill Services
07/23/2019	Steel mill slag	5,000	Golden Triangle Mill Services
08/01/2019	Steel mill slag	10,000	Golden Triangle Mill Services
08/08/2019	Fly ash	11,500	Boral Materials
08/20/2019	Fly ash	11,500	Boral Materials

MONTGOMERY COUNTY

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

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

Members of the Board of Supervisors  
Montgomery County, Mississippi

In planning and performing our audit of the cash basis financial statements of Montgomery County, Mississippi (the County) for the year ended September 30, 2019, we considered Montgomery County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Montgomery County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated May 25, 2021, on the financial statements of Montgomery County, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the 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.

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

A handwritten signature in black ink, reading "Joe E. Mcknight".

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

May 25, 2021

MONTGOMERY COUNTY

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MONTGOMERY COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

MONTGOMERY COUNTY

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MONTGOMERY 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:

Governmental activities	Unmodified
Aggregate discretely presented component units	Adverse
General Fund	Unmodified
Unit System Road and Bridge Maintenance Fund	Unmodified
Aggregate remaining fund information	Unmodified
2. Internal control over financial reporting:
  - a. Material weaknesses identified? Yes
  - b. Significant deficiency identified? None Reported
3. Noncompliance material to the financial statements noted? Yes

Section 2: Financial Statement Findings

**Board of Supervisors.**

**Material Weakness**

**2019-001.** An adequate system of internal control over payroll procedures should be implemented.

**Repeat Finding** Yes

**Criteria** An effective system of internal control over the county payroll should include proper segregation of duties.

**Condition** As reported in the prior five years' audit reports, inadequate controls exist in the payroll function. One employee has control over the authorization, recordkeeping, and custody of payroll transactions.

**Cause** The County lacked the necessary controls over payroll procedures.

**Effect** Without proper controls, inaccurate payroll checks could be processed.

**Recommendation** The Board of Supervisors should hire additional personnel, if feasible, to allow for adequate segregation of duties over payroll procedures.

**Views of Responsible Official(s)** We split up duties as much as possible between myself, the clerk and one-part time employee within our means. This will be taken into consideration one day if the budget permits.

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**Material Weakness  
Material Noncompliance**

<b>2019-002.</b>	<u>The County issued warrants without sufficient funds.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	Section 19-13-43, Miss. Code Ann. (1972), prohibits the signing of warrants or the delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same.
<b>Condition</b>	Warrants were issued on funds which did not have sufficient money to pay the warrants. As of September 30, 2019, the North District One Water Association Fund had a negative cash balance in the amount of \$2,192.
<b>Cause</b>	The County did not comply with state laws.
<b>Effect</b>	Failure to assess the remaining cash balance of a fund prior to the issuance of warrants resulted in the use of another fund's cash for purposes other than their intended purpose. This situation could result in the Board of Supervisors being held personally liable for such amounts.
<b>Recommendation</b>	The Board of Supervisors should ensure that no warrants are signed or issued until there are sufficient cash balances in the fund upon which it is drawn to pay the same, as required by law.
<b>Views of Responsible Official(s)</b>	This unfortunate oversight will not occur in the future.

**Chancery Clerk.**

**Material Weakness**

<b>2019-003.</b>	<u>Controls over cash collections and disbursements in the Chancery Clerk's office should be strengthened.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	An effective system of internal control should include an adequate segregation of duties.
<b>Condition</b>	As reported in the prior eight years' audit reports, cash collection and disbursements functions are not adequately segregated for effective internal control. One employee receipts cash, prepares deposit slips, posts to the detailed general ledger, and disburses all funds.
<b>Cause</b>	The Chancery Clerk lacks the controls necessary over cash collections and disbursements.
<b>Effect</b>	Failure to have an adequate segregation of duties could result in the loss of public funds.
<b>Recommendation</b>	Accounting functions involving receipting and disbursing of funds, recording of funds, and reconciling of accounts should be properly segregated.
<b>Views of Responsible Official(s)</b>	Budgetary restrictions do not allow this level of staffing.

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**Circuit Clerk.**

**Material Weakness**

**2019-004.** Controls over cash collections and disbursements in the Circuit Clerk's office should be strengthened.

**Repeat Finding** Yes

**Criteria** An effective system of internal control should include an adequate segregation of duties.

**Condition** As reported in the prior eight years' audit reports, cash collection and disbursement functions in the Circuit Clerk's office are not adequately segregated for effective internal control. The Circuit Clerk receipts cash, posts the cash journal, calculates the monthly settlements and disburses the funds and reconciles the bank statements.

**Cause** The Circuit Clerk lacks the controls necessary over cash collections and disbursements.

**Effect** Failure to have an adequate segregation of duties could result in the loss of public funds.

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

**Views of Responsible Official(s)**

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

**Tax Assessor-Collector.**

**Material Weakness**

**2019-005.** Controls over cash collections and disbursements in the Tax Assessor-Collector's office should be strengthened.

**Repeat Finding** Yes

**Criteria** An effective system of internal control should include an adequate segregation of duties.

**Condition** As reported in the prior eight years' audit reports, cash collection and disbursement functions in the Tax Assessor-Collector's office are not adequately segregated for effective internal control. The Tax Assessor-Collector receipts cash, prepares deposits, posts to the cash journal, calculates the monthly settlements, reconciles the bank statements and disburses all funds.

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<b>Cause</b>	The Tax Assessor-Collector lacks the controls necessary over cash collections and disbursements.
<b>Effect</b>	Failure to have an adequate segregation of duties could result in the loss of public funds.
<b>Recommendation</b>	The Tax Assessor-Collector should implement a system for review of the accounting records by another person.
<b>Views of Responsible Official(s)</b>	I will comply with the above recommendations.