

MONTGOMERY COUNTY, MISSISSIPPI

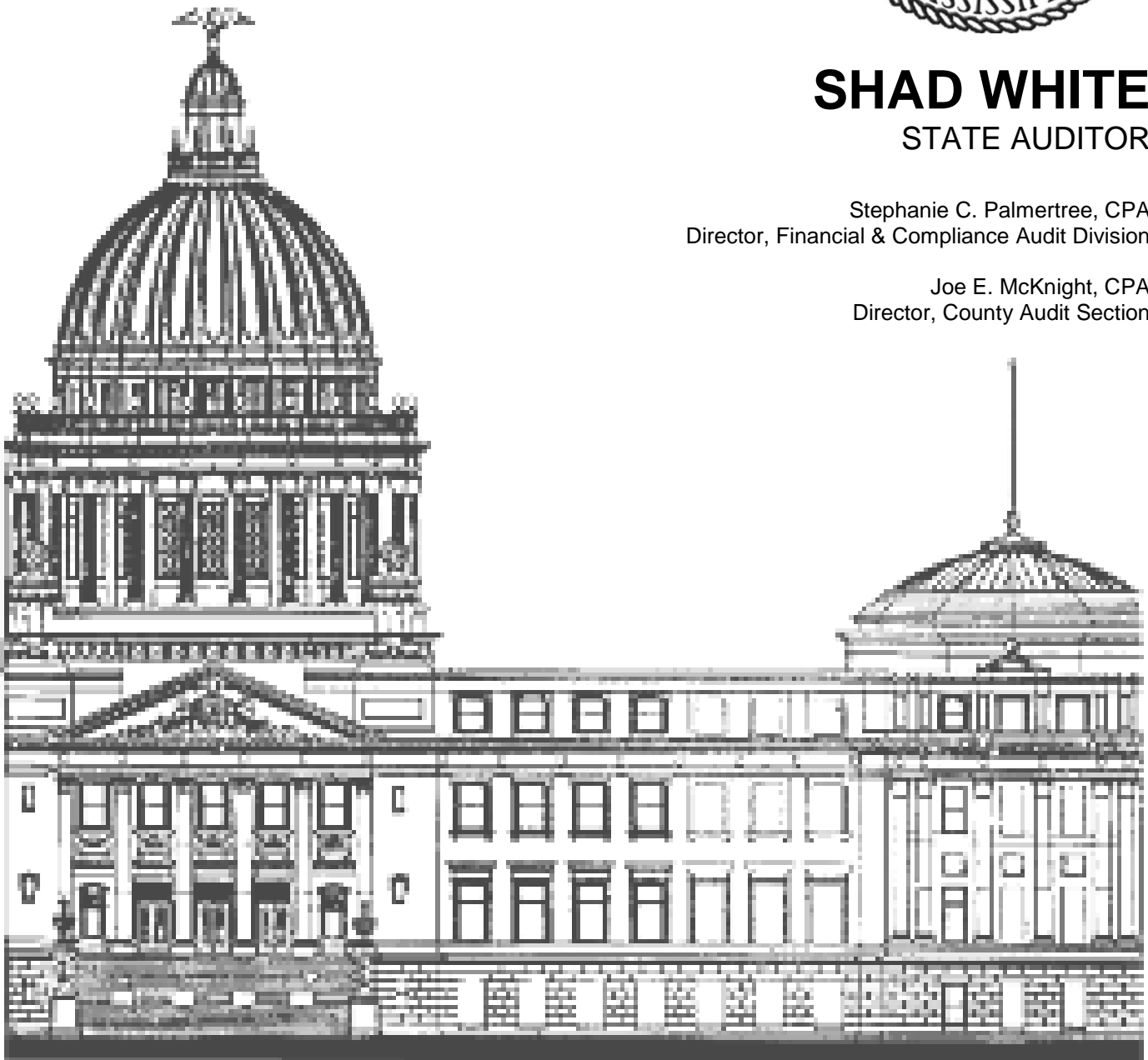
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2020



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



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

Shad White
AUDITOR

June 13, 2022

Members of the Board of Supervisors
Montgomery County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2020 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", is written over a horizontal line.

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, 2020, 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, 2020, 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, 2020, 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 and Advances, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2022 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

June 14, 2022

MONTGOMERY COUNTY

FINANCIAL STATEMENTS

MONTGOMERY COUNTY

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MONTGOMERY COUNTY
Statement of Net Position - Cash Basis
September 30, 2020

Exhibit 1

	Primary Government
	Governmental
	Activities
ASSETS	
Cash	\$ 5,555,435
Total Assets	\$ 5,555,435
NET POSITION	
Restricted:	
Expendable:	
General government	\$ 286,526
Public safety	61,851
Public works	1,411,947
Health and welfare	213,570
Economic development and assistance	8
Debt service	61,768
Unemployment compensation	13,715
Unrestricted	3,506,050
Total Net Position	\$ 5,555,435

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, 2020

Exhibit 2

Functions/Programs	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Primary government:				
Governmental activities:				
General government	\$ 2,483,591	277,520	17,169	(2,188,902)
Public safety	1,293,551	173,615	113,952	(1,005,984)
Public works	2,499,114	309,666	1,023,073	(1,166,375)
Health and welfare	109,612		17,752	(91,860)
Culture and recreation	115,235		121,289	6,054
Conservation of natural resources	84,682			(84,682)
Economic development and assistance	118,207		5,000	(113,207)
Debt service:				
Principal	147,909			(147,909)
Interest	51,045			(51,045)
Total Governmental Activities	\$ 6,902,946	760,801	1,298,235	(4,843,910)
General receipts:				
Property taxes				4,269,837
Road & bridge privilege taxes				150,022
Grants and contributions not restricted to specific programs				284,112
Unrestricted interest income				104,129
Miscellaneous				193,492
Proceeds from debt issuance				132,938
Sale of county property				10,000
Total General Receipts and Other Cash Sources				5,144,530
Changes in Net Position				300,620
Net Position - Beginning				5,254,815
Net Position - Ending				5,555,435

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, 2020

Exhibit 3

	<u>Major Funds</u>			
	<u>General Fund</u>	<u>Unit System Road and Bridge Maintenance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 3,275,320	843,769	1,436,346	5,555,435
Total Assets	<u>\$ 3,275,320</u>	<u>843,769</u>	<u>1,436,346</u>	<u>5,555,435</u>
FUND BALANCES				
Restricted for:				
General government	\$		286,526	286,526
Public safety			61,851	61,851
Public works		843,769	568,178	1,411,947
Health and welfare			213,570	213,570
Economic development and assistance			8	8
Debt service			61,768	61,768
Unemployment compensation			13,715	13,715
Committed to:				
Public safety			10,575	10,575
Assigned to:				
Culture and recreation			220,155	220,155
Unassigned	3,275,320			3,275,320
Total Fund Balances	<u>\$ 3,275,320</u>	<u>843,769</u>	<u>1,436,346</u>	<u>5,555,435</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, 2020

	Major Funds		Other	Total
	General	Unit System	Governmental	Governmental
	Fund	Road and Bridge Maintenance Fund	Funds	Funds
RECEIPTS				
Property taxes	\$ 3,055,125	499,631	715,081	4,269,837
Road and bridge privilege taxes		150,022		150,022
Licenses, commissions and other receipts	122,369		3,887	126,256
Fines and forfeitures	165,300			165,300
Intergovernmental receipts	417,829	566,430	598,088	1,582,347
Charges for services			469,245	469,245
Interest income	72,374	11,055	20,700	104,129
Miscellaneous receipts	166,901	344	26,247	193,492
Total Receipts	<u>3,999,898</u>	<u>1,227,482</u>	<u>1,833,248</u>	<u>7,060,628</u>
DISBURSEMENTS				
General government	2,313,365		170,226	2,483,591
Public safety	820,783		472,768	1,293,551
Public works	62,452	1,398,478	1,038,184	2,499,114
Health and welfare	100,212		9,400	109,612
Culture and recreation			115,235	115,235
Conservation of natural resources	84,682			84,682
Economic development and assistance	113,207		5,000	118,207
Debt service:				
Principal	60,569		87,340	147,909
Interest	37,204		13,841	51,045
Total Disbursements	<u>3,592,474</u>	<u>1,398,478</u>	<u>1,911,994</u>	<u>6,902,946</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>407,424</u>	<u>(170,996)</u>	<u>(78,746)</u>	<u>157,682</u>
OTHER CASH SOURCES (USES)				
Proceeds from long-term debt issuance		132,938		132,938
Sale of county property	10,000			10,000
Transfers in			305,537	305,537
Transfers out	(298,910)		(6,627)	(305,537)
Total Other Cash Sources and Uses	<u>(288,910)</u>	<u>132,938</u>	<u>298,910</u>	<u>142,938</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>118,514</u>	<u>(38,058)</u>	<u>220,164</u>	<u>300,620</u>
Cash Basis Fund Balances - Beginning	<u>3,156,806</u>	<u>881,827</u>	<u>1,216,182</u>	<u>5,254,815</u>
Cash Basis Fund Balances - Ending	<u>\$ 3,275,320</u>	<u>843,769</u>	<u>1,436,346</u>	<u>5,555,435</u>

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

MONTGOMERY COUNTY
Statement of Fiduciary Assets and Liabilities - Cash Basis
September 30, 2020

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>3,539</u>
Total Assets	\$ <u><u>3,539</u></u>
LIABILITIES	
Intergovernmental payables	\$ <u>3,539</u>
Total Liabilities	\$ <u><u>3,539</u></u>

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

MONTGOMERY COUNTY

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MONTGOMERY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

(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

MONTGOMERY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

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 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.

MONTGOMERY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

FIDUCIARY FUND TYPE

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

D. Account Classifications.

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

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.

MONTGOMERY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

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.

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.

H. Changes in Accounting Standards.

The Governmental Accounting Standards Board issued GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective date of GASB 84 was postponed one year.

MONTGOMERY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$5,558,974 and the bank balance was \$6,015,253. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

(3) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2020:

Transfers In/Out:

Transfers In	Transfers Out	Amount
Other Governmental Funds	General Fund	\$ 298,910
Other Governmental Funds	Other Governmental Funds	<u>6,627</u>
Total		\$ <u>305,537</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, 2020, to January 1, 2021. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

MONTGOMERY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

(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, 2020, retiree premiums are \$465. 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.

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 2020, retiree and beneficiaries receiving benefits contributed \$11,657 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 \$19,677 in the fiscal year 2020.

MONTGOMERY COUNTY

Notes to Financial Statements For the Year Ended September 30, 2020

(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 \$18,000 for maintenance and support of the airport in fiscal year 2020. 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 2020.

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 \$38,357 for the maintenance and support of the district in fiscal year 2020.

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 \$143,625 for maintenance and support of the college in fiscal year 2020.

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 \$169,684 for maintenance and support of the library in fiscal year 2020.

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 2020.

(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.

MONTGOMERY COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2020

Funding Policy. At September 30, 2020, 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, 2020 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, 2020, 2019 and 2018 were \$335,317, \$316,033 and \$290,014, respectively, equal to the required contributions for each year.

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, 2020
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 3,004,848	3,055,125	3,055,125	
Licenses, commissions and other receipts	158,962	122,369	122,369	
Fines and forfeitures	132,722	165,300	165,300	
Intergovernmental receipts	272,470	417,829	417,829	
Interest income	16,600	72,374	72,374	
Miscellaneous receipts	156,732	166,901	166,901	
Total Receipts	<u>3,742,334</u>	<u>3,999,898</u>	<u>3,999,898</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	2,358,499	2,313,365	2,313,365	
Public safety	863,319	820,783	820,783	
Public works	18,010	62,452	62,452	
Health and welfare	136,245	100,212	100,212	
Culture and recreation	20,705			
Conservation of natural resources	93,070	84,682	84,682	
Economic development and assistance	103,966	113,207	113,207	
Debt service:				
Principal		60,569	60,569	
Interest		37,204	37,204	
Total Disbursements	<u>3,593,814</u>	<u>3,592,474</u>	<u>3,592,474</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>148,520</u>	<u>407,424</u>	<u>407,424</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Sale of county property		10,000	10,000	
Transfers out		(298,910)	(298,910)	
Other financing sources	330,181			
Other financing uses	(568,061)			
Total Other Cash Sources and Uses	<u>(237,880)</u>	<u>(288,910)</u>	<u>(288,910)</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(89,360)</u>	<u>118,514</u>	<u>118,514</u>	
Cash Basis Fund Balances - Beginning	<u>3,140,000</u>	<u>3,156,806</u>	<u>3,156,806</u>	
Cash Basis Fund Balances - Ending	<u>\$ 3,050,640</u>	<u>3,275,320</u>	<u>3,275,320</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, 2020
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 466,176	499,631	499,631	
Road and bridge privilege taxes	106,000	150,022	150,022	
Intergovernmental receipts	496,000	566,430	566,430	
Interest income		11,055	11,055	
Miscellaneous receipts	6,500	344	344	
Total Receipts	<u>1,074,676</u>	<u>1,227,482</u>	<u>1,227,482</u>	<u>0</u>
DISBURSEMENTS				
Current:				
Public works	<u>1,190,939</u>	<u>1,398,478</u>	<u>1,398,478</u>	
Total Disbursements	<u>1,190,939</u>	<u>1,398,478</u>	<u>1,398,478</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(116,263)</u>	<u>(170,996)</u>	<u>(170,996)</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Proceeds from long-term debt issuance		<u>132,938</u>	<u>132,938</u>	
Total Other Cash Sources and Uses	<u>0</u>	<u>132,938</u>	<u>132,938</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(116,263)</u>	<u>(38,058)</u>	<u>(38,058)</u>	
Cash Basis Fund Balances - Beginning	<u>900,000</u>	<u>881,827</u>	<u>881,827</u>	
Cash Basis Fund Balances - Ending	<u>\$ 783,737</u>	<u>843,769</u>	<u>843,769</u>	<u>0</u>

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

MONTGOMERY COUNTY
Schedule of Interfund Loans and Advances
For the Year Ended September 30, 2020
UNAUDITED

The following is a summary of interfund balances at September 30, 2020:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at Sept. 30, 2020
General Fund	Agency Funds	\$ <u>2,367</u>

The amount due represents amounts received to cover the deficit cash balance in the Payroll Clearing Fund. 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>	Balance at Sept. 30, 2020
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>28,551</u>

The amounts due represent prior year errors in posting receipts to incorrect funds.

MONTGOMERY COUNTY
Schedule of Capital Assets
For the Year Ended September 30, 2020
UNAUDITED

Governmental activities:

	Balance Oct. 1, 2019	Additions	Deletions	Adjustments*	Balance Sept. 30, 2020
Land	\$ 211,973		17,700		194,273
Construction in progress	111,919	42,935		(42,935)	111,919
Infrastructure	11,834,081			42,935	11,877,016
Buildings	5,651,612				5,651,612
Mobile equipment	3,546,640	248,139			3,794,779
Furniture and equipment	588,486				588,486
Leased property under capital leases	476,000				476,000
Total capital assets	\$ 22,420,711	291,074	17,700	0	22,694,085

*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, 2020
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2020:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2019	Issued	Principal Payments	Balance Sept. 30, 2020
Governmental Activities:							
A. General Obligation Bonds:							
DHS Justice Court building	03/2010	03/2024	4.10%	\$ 168,000		31,000	137,000
General obligation public improvement bonds	03/2014	02/2034	3.00/4.00%	810,000		40,000	770,000
B. Capital Leases:							
Caterpillar motor grader	12/2018	12/2023	4.89%	116,764		26,090	90,674
Caterpillar motor grader	12/2018	12/2023	4.89%	116,764		26,090	90,674
C. Other Loans:							
MDA Cap Loan - Mental Health building	06/2003	05/2022	3.00%	19,875		7,548	12,327
MDA Cap Loan - Screw Conveyor	06/2012	05/2035	3.00%	259,212		13,021	246,191
Promissory note	07/2020	07/2025	2.50%		132,938	4,160	128,778
Total				\$ 1,490,615	132,938	147,909	1,475,644

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, 2020
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
Ronald White	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
Catherine Brock	Receiving Clerk	Western Surety Company	\$75,000
Laura Ables	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	Western Surety 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
Robert Jeffry Tompkins	Sheriff	Western Surety Company	\$100,000
Jay Bennett	Sheriff's Deputy (Hired Under Section 45-5-9 Miss Code Ann. (1972))	Western Surety Company	\$50,000
Kelvin Lee	Sheriff's Deputy (Hired Under Section 45-5-9 Miss Code Ann. (1972))	Western Surety Company	\$50,000
Mark Beck	Sheriff's Deputy (Hired Under Section 45-5-9 Miss Code Ann. (1972))	Western Surety Company	\$50,000
Jody Windham	Sheriff's 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
Laurie M. Lockett	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	Western Surety Company	\$50,000

MONTGOMERY COUNTY

Notes to Other Information
For the Year Ended September 30, 2020
UNAUDITED

(1) Budgetary Comparison Information.

A. Budgetary Information.

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

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

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and 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, 2020, the amount of outstanding debt was equal to 1.31% of the latest property assessments.

B. Subsequent Events.

There were no subsequent events for the period ending September 30, 2020.

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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 14, 2022. 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 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 2020-001, 2020-002, 2020-003, 2020-004 and 2020-005 that we consider 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 2020-002.

We also noted certain matters which we have reported to the management of Montgomery County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated June 14, 2022, 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 them.

Purpose of this Report

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

June 14, 2022



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, 2020. 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.

In our opinion, Montgomery County, Mississippi complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2020.

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.

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.

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

JOE E. MCKNIGHT, CPA
Director, County Audit Section

June 14, 2022

MONTGOMERY COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder

For the Year Ended September 30, 2020

<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>
10/24/2019	Cold mix	\$ 140/ton	Lehman-Roberts	\$ 115/ton	Quality issues
01/06/2020	Cold mix	140/ton	Lehman-Roberts	115/ton	Quality issues
01/30/2020	Cold mix	140/ton	Lehman-Roberts	115/ton	Quality issues
03/11/2020	Cold mix	140/ton	Lehman-Roberts	115/ton	Quality issues
03/24/2020	Cold mix	140/ton	Lehman-Roberts	115/ton	Quality issues
04/21/2020	Cold mix	140/ton	Lehman-Roberts	115/ton	Quality issues
06/02/2020	Cold mix	140/ton	Lehman-Roberts	115/ton	Quality issues

MONTGOMERY COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2020

Schedule 2

Our tests did not identify any emergency purchases.

MONTGOMERY COUNTY

Schedule 3

Schedule of Purchases Made Noncompetively From a Sole Source

For the Year Ended September 30, 2020

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
10/09/2019	Fly ash	\$	10,000	Boral Materials
10/09/2019	Fly ash		3,450	Boral Materials
11/13/2019	Slag		5,000	Golden Triangle Mill Services
12/04/2019	Slag		5,000	Golden Triangle Mill Services
01/14/2020	Slag		10,000	Golden Triangle Mill Services
03/16/2020	Fly ash		15,000	Boral Materials
04/16/2020	Slag		10,000	Golden Triangle Mill Services
07/17/2020	Fly ash		5,500	Boral Materials
08/06/2020	Ground prep tool		5,567	ABI Attachments Inc.
09/08/2020	Call taking system		38,200	Central Mississippi Communications
09/08/2020	Slag		10,000	Golden Triangle Mill Services

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, 2020, we considered Montgomery County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Montgomery County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated June 14, 2022, on the financial statements of Montgomery County, Mississippi.

The results of our review procedures and compliance tests identified certain areas 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 and Payroll Clerk.

1. Required forms for re-employment should be completed for PERS retirees after retirement.

Repeat Finding No

Criteria Section 25-11-127(4)(a), Miss Code Ann. (1972), requires retirees to receive no more than one-half of the salary in effect for the position at the time of employment in a fiscal year. Furthermore, counties hiring PERS service retirees are required to file PERS Form 4B, "Certificate/Acknowledgement of Re-employment of Retiree", with the PERS office within five (5) days from the date of employment of the retiree.

Condition During our testing, we noted that one (1) PERS Form 4B was not completed.

Cause Controls were not in place to ensure compliance with state laws.

Effect By not completing the required PERS Form 4B, the County is not in compliance with the state legal requirements.

Recommendation The County should complete the required PERS form 4Bs and maintain evidence of the filing dates of the retiree forms.

**Views of Responsible
Official(s)**

I will comply.

Sheriff.

2. Internal controls over settlements in the Sheriff's office should be strengthened.

Repeat Finding No

Criteria An effective system of internal control over cash in the Sheriff's office should include timely deposits and monthly settlements of collections.

Condition During testwork, it was noted that monthly settlements were not being settled to the County in a timely manner.

Cause Controls were not in place to ensure timely settlements.

Effect Failure to implement adequate controls over collections in the Sheriff's office could result in the loss or misappropriation of public funds.

Recommendation The Sheriff should implement internal controls to ensure that settlements are made in a timely basis.

**Views of Responsible
Official(s)**

I will comply.

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

June 14, 2022

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, 2020

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

2020-001. An adequate system of internal control over payroll procedures should be implemented.

Repeat Finding Yes

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

Condition As reported in the prior six 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)** I will comply.

MONTGOMERY COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2020

Material Weakness
Material Noncompliance

2020-002.	<u>The County issued warrants without sufficient funds.</u>
Repeat Finding	Yes
Criteria	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.
Condition	As reported in the prior year's audit report, warrants were issued on funds which did not have sufficient money to pay the warrants. As of September 30, 2020, the Payroll Clearing Fund had a negative cash balance in the amount of \$(2,367).
Cause	The County did not comply with state laws.
Effect	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.
Recommendation	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.
Views of Responsible Official(s)	The negative balance was due to voided payroll checks and the system not creating the proper adjusting entries. That balance did not reflect the actual bank balance. There is always sufficient funds for payroll. This negative cash balance has since been corrected and we will make sure moving forward that it stays that way.
Auditor's Note	As of September 30, 2020, the Payroll Clearing Fund had a negative book balance and a reconciled cash balance of \$(2,367).

Chancery Clerk.

Material Weakness

2020-003.	<u>Controls over cash collections and disbursements in the Chancery Clerk's office should be strengthened.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control should include an adequate segregation of duties.
Condition	As reported in the prior nine years' audit reports, cash collection and disbursement functions are not adequately segregated for effective internal control. One employee receipts cash, prepares deposit slips, posts to the detailed general ledger, and disburses all funds.
Cause	The Chancery 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.

MONTGOMERY COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2020

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

Views of Responsible Official(s) Due to a limited staff, we are unable to segregate these duties properly.

Circuit Clerk.

Material Weakness

2020-004. 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 nine years' audit reports, cash collections 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 (2) individuals in this office, it is impossible to completely segregate responsibilities; however, as much as possible, we try to do so. As much as possible, my deputy clerk receipts and deposits the funds coming into this office. When making a deposit, she prints 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 fees, 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

2020-005. 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.

MONTGOMERY COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2020

Condition	As reported in the prior nine 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.
Cause	The Tax Assessor-Collector 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 Tax Assessor-Collector should implement a system for review of the accounting records by another person.
Views of Responsible Official(s)	I will comply with the above recommendations.