

# MONTGOMERY COUNTY, MISSISSIPPI

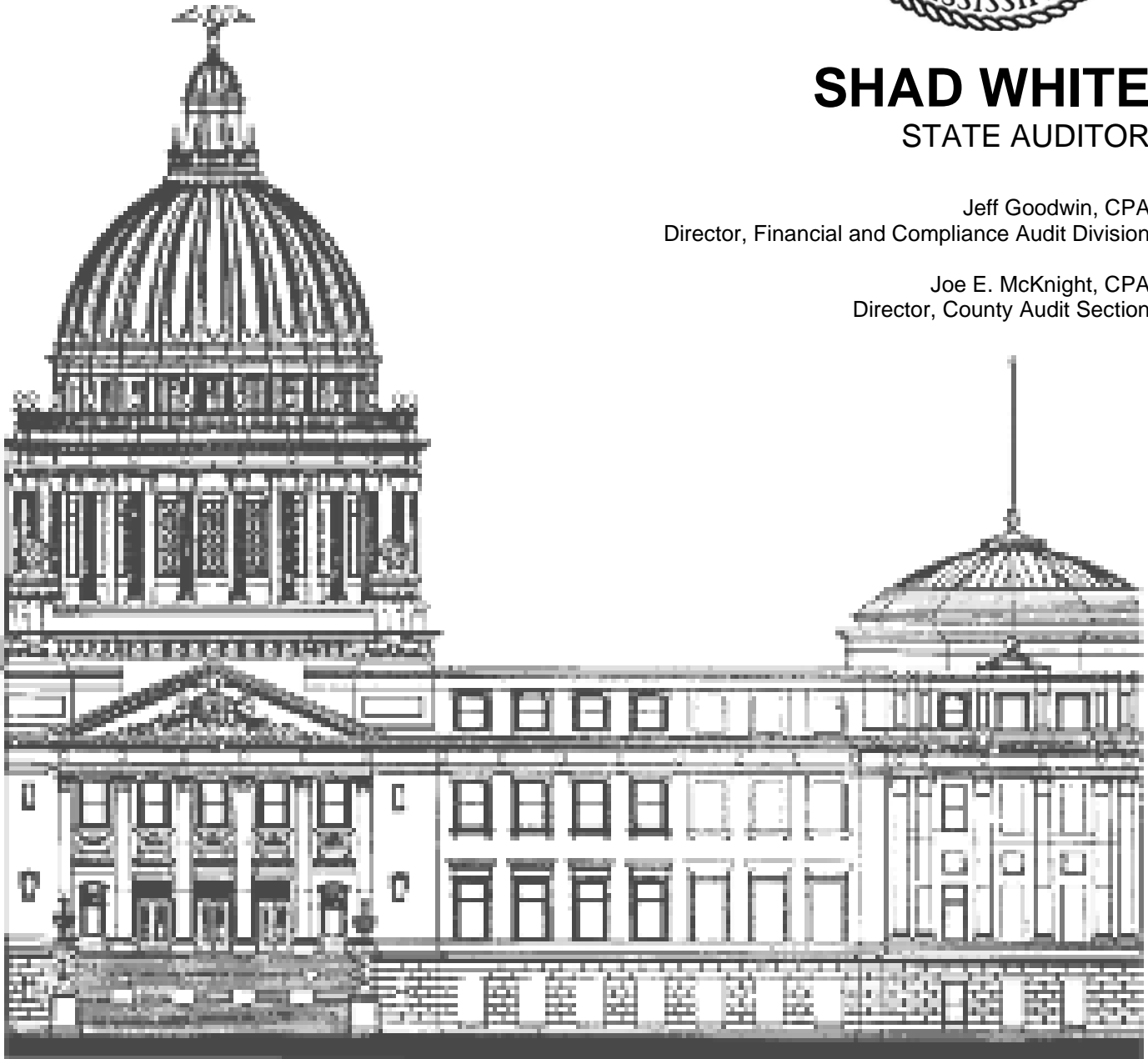
Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2022



**SHAD WHITE**  
STATE AUDITOR

Jeff Goodwin, CPA  
Director, Financial and Compliance Audit Division

Joe E. McKnight, CPA  
Director, County Audit Section



A Report from the County Audit Section

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

**Shad White**  
AUDITOR

July 30, 2024

Members of the Board of Supervisors  
Montgomery County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2022 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 Audit of the Financial Statements**

***Adverse and Unmodified Opinions***

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

***Adverse Opinion on Aggregate Discretely Presented Component Units***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying 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, 2022, or the changes in cash basis financial position for the year then ended in accordance with accounting principles applicable to the County's cash basis of accounting.

**Unmodified Opinions on Governmental Activities, Each Major Fund, and the Aggregate Remaining Fund Information**

In our opinion, the accompanying 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, 2022, 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 for Adverse and Unmodified Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified opinions.

### *Matters Giving Rise to 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 effects of not including the County's legally separate component units on the aggregate discretely presented component units has not been determined.

### ***Emphasis of Matter – Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a 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.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting, as described in Note 1, and for 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood, that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Budgetary Comparison Schedule(s), 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 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2024 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

July 30, 2024

MONTGOMERY COUNTY

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MONTGOMERY COUNTY

FINANCIAL STATEMENTS

MONTGOMERY COUNTY

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MONTGOMERY COUNTY  
Statement of Net Position - Cash Basis  
September 30, 2022

Exhibit 1

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash	\$ 9,366,561
Total Assets	<u>9,366,561</u>
NET POSITION	
Restricted:	
Expendable:	
General government	318,225
Public safety	25,367
Public works	3,877,840
Health and welfare	149,930
Economic development and assistance	1,731,368
Debt service	112,781
Unemployment compensation	14,123
Unrestricted	<u>3,136,927</u>
Total Net Position	<u>\$ 9,366,561</u>

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, 2022

Exhibit 2

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,527,501	283,322	16,126	19,190	(2,208,863)
Public safety	1,524,270	177,111	209,635	1,013,959	(123,565)
Public works	5,402,439	370,594	2,782,259		(2,249,586)
Health and welfare	113,787		15,834	53,960	(43,993)
Culture and recreation	242,485		165,417		(77,068)
Conservation of natural resources	84,461				(84,461)
Economic development and assistance	720,300		328,750		(391,550)
Debt service:					
Principal	189,414				(189,414)
Interest	44,483				(44,483)
Total Governmental Activities	\$ 10,849,140	831,027	3,518,021	1,087,109	(5,412,983)
General receipts:					
Property taxes				\$	4,481,246
Road & bridge privilege taxes					115,994
Grants and contributions not restricted to specific programs					272,039
Unrestricted investment income					74,973
Miscellaneous					261,532
Proceeds from debt issuance					2,429,670
Sale of county property					157,318
Total General Receipts and Other Cash Sources					7,792,772
Changes in Net Position					2,379,789
Net Position - Beginning					6,986,772
Net Position - Ending				\$	9,366,561

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

## MONTGOMERY COUNTY

Exhibit 3

## Statement of Cash Basis Assets and Fund Balances

## Governmental Funds

September 30, 2022

	<u>Major Funds</u>					<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>American</u>	<u>Unit System</u>	<u>Cap Loan</u>	<u>HB 1353</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Rescue Plan</u>	<u>Road and Bridge</u>	<u>Biewer Sawmill</u>	<u>Infrastructure</u>	<u>Funds</u>	<u>Funds</u>
		<u>Act Fund</u>	<u>Maintenance Fund</u>	<u>Fund</u>	<u>Fund</u>		
ASSETS							
Cash	\$ 2,821,802	1,728,868	1,156,309	26,295	1,000,118	2,633,169	9,366,561
Total Assets	<u>\$ 2,821,802</u>	<u>1,728,868</u>	<u>1,156,309</u>	<u>26,295</u>	<u>1,000,118</u>	<u>2,633,169</u>	<u>9,366,561</u>
FUND BALANCES							
Restricted for:							
General government	\$					318,225	318,225
Public safety						25,367	25,367
Public works			1,156,309		1,000,118	1,721,413	3,877,840
Health and welfare						149,930	149,930
Economic development and assistance		1,728,868				2,500	1,731,368
Debt service				26,295		86,486	112,781
Unemployment compensation						14,123	14,123
Committed to:							
Public safety						45,237	45,237
Assigned to:							
Culture and recreation						269,888	269,888
Unassigned	2,821,802						2,821,802
Total Fund Balances	<u>\$ 2,821,802</u>	<u>1,728,868</u>	<u>1,156,309</u>	<u>26,295</u>	<u>1,000,118</u>	<u>2,633,169</u>	<u>9,366,561</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, 2022

	Major Funds						
	General Fund	American Rescue Plan Act Fund	Unit System Road and Bridge Maintenance Fund	Cap Loan Biewer Sawmill Fund	HB 1353 Infrastructure Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS							
Property taxes	\$ 3,138,834		516,369			826,043	4,481,246
Road and bridge privilege taxes			115,994				115,994
Licenses, commissions and other receipts	116,989					4,016	121,005
Fines and forfeitures	175,311						175,311
Intergovernmental receipts	475,458	949,339	595,330		1,000,000	1,857,042	4,877,169
Charges for services						534,711	534,711
Interest income	33,018	11,699	11,451	1,114	118	17,573	74,973
Miscellaneous receipts	199,518		16,364			45,650	261,532
Total Receipts	4,139,128	961,038	1,255,508	1,114	1,000,118	3,285,035	10,641,941
DISBURSEMENTS							
General government	2,338,198					189,303	2,527,501
Public safety	1,029,917					494,353	1,524,270
Public works	13,500		1,299,717	2,429,670		1,659,552	5,402,439
Health and welfare	106,159					7,628	113,787
Culture and recreation						242,485	242,485
Conservation of natural resources	84,461						84,461
Economic development and assistance	118,157	185,000				417,143	720,300
Debt service:							
Principal	65,171		61,862			62,381	189,414
Interest	33,258		5,325			5,900	44,483
Total Disbursements	3,788,821	185,000	1,366,904	2,429,670	0	3,078,745	10,849,140
Excess (Deficiency) of Receipts over (under) Disbursements	350,307	776,038	(111,396)	(2,428,556)	1,000,118	206,290	(207,199)
OTHER CASH SOURCES (USES)							
Proceeds from long-term debt issuance				2,429,670			2,429,670
Sale of county property			157,318				157,318
Transfers in	28,500					427,488	455,988
Transfers out	(267,000)					(188,988)	(455,988)
Total Other Cash Sources and Uses	(238,500)	0	157,318	2,429,670	0	238,500	2,586,988

## MONTGOMERY COUNTY

Exhibit 4 - Cont'd

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

## Governmental Funds

For the Year Ended September 30, 2022

	Major Funds					Other	Total
	General Fund	American Rescue Plan Act Fund	Unit System Road and Bridge Maintenance Fund	Cap Loan Biewer Sawmill Fund	HB 1353 Infrastructure Fund	Governmental Funds	Governmental Funds
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>111,807</u>	<u>776,038</u>	<u>45,922</u>	<u>1,114</u>	<u>1,000,118</u>	<u>444,790</u>	<u>2,379,789</u>
Cash Basis Fund Balances - Beginning	<u>2,709,995</u>	<u>952,830</u>	<u>1,110,387</u>	<u>25,181</u>		<u>2,188,379</u>	<u>6,986,772</u>
Cash Basis Fund Balances - Ending	<u>\$ 2,821,802</u>	<u>1,728,868</u>	<u>1,156,309</u>	<u>26,295</u>	<u>1,000,118</u>	<u>2,633,169</u>	<u>9,366,561</u>

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

MONTGOMERY COUNTY  
Statement of Fiduciary Net Position - Cash Basis  
September 30, 2022

Exhibit 5

	Custodial Funds
ASSETS	
Cash	\$ 0
Total Assets	<u>0</u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	0
Total Net Position	<u>\$ 0</u>

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

MONTGOMERY COUNTY  
Statement of Changes in Fiduciary Net Position - Cash Basis  
For the Year Ended September 30, 2022

Exhibit 6

	<u>Custodial Funds</u>
CASH ADDITIONS	
Tax collections for other governments	\$ 324,392
Other taxes and fees collected for other governments	<u>246,537</u>
Total Additions	<u>570,929</u>
CASH DEDUCTIONS	
Payments of tax to other governments	324,392
Payments of other taxes and fees to other governments	<u>246,537</u>
Total Deductions	<u>570,929</u>
Changes in Fiduciary Net Position	0
Net Position - Beginning	<u>0</u>
Net Position - Ending	<u>\$ 0</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, 2022

#### (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 relationship(s) 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 and 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, 2022

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

The County reports the following major Governmental Funds:

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

American Rescue Plan Act Fund - This fund is used to account for the monies received from the federal government to assist with the economic impact caused by Covid-19.

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

CAP Loan Biewer Sawmill Fund – This fund is used to account for monies from debt issued to pay for the building of the Biewer Sawmill.

HB 1353 Infrastructure Fund – This fund is used to account for monies received from Mississippi House Bill 1353 related to improving infrastructure.

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.

## MONTGOMERY COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2022

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

Custodial Funds - Custodial Funds are used to report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

#### 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."

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.

## MONTGOMERY COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2022

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.

*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.

GASB 87, *Leases*, was implemented during fiscal year 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It established a single model for lease accounting

# MONTGOMERY COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2022

based on the foundations principle that leases are financings of the right to use an underlying asset. This guidance is intended to enhance the accountability, consistency and comparability of lease activities reported by governments. These financial statements do not reflect leases in accordance with GASB 87 as these financial statements were prepared using the cash basis of accounting.

### (2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2022, was \$9,366,561 and the bank balance was \$10,131,788. 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, Mississippi Code of 1972 Annotated*. 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, 2022:

Transfers In/Out:

Transfers In	Transfers Out	Amount
Other Governmental Funds	General Fund	\$ 267,000
Other Governmental Funds	Other Governmental Funds	160,488
General Fund	Other Governmental Funds	28,500
Total		\$ 455,988

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

## MONTGOMERY COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2022

retention, provided by Safety National Casualty Corporation, effective from January 1, 2022, to January 1, 2023. 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 of 1972 Annotated*. 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 of 1972 Annotated*, 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, 2022, retiree premiums are \$488. 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 2022, retiree and beneficiaries receiving benefits contributed \$11,706 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.

## MONTGOMERY COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2022

(7) Commitment.

Montgomery County entered into an Interlocal Cooperation Agreement with the City of Winona, dated July 1, 2019 to support the Empire Truck Sales, LLC construction of infrastructure. The City of Winona issued tax increment financing bonds of \$1,500,000. Montgomery County has agreed to provide payments of 100% of the ad valorem real and personal property taxes on the Empire Truck Sales, LLC assessment of real and personal property taxes ending in the fiscal year 2022. Montgomery County contributed \$90,393 in the fiscal year 2022.

(8) Joint Ventures.

The County participates in the following joint ventures:

Montgomery County is a participant with the City of Winona in a joint venture, authorized by Section 61-3-5, *Mississippi Code of 1972 Annotated*, 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 \$13,500 for maintenance and support of the airport in fiscal year 2022. 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 2022.

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 \$47,482 for the maintenance and support of the district in fiscal year 2022.

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 \$148,705 for maintenance and support of the college in fiscal year 2022.

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 \$171,507 for maintenance and support of the library in fiscal year 2022.

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 2022.

(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

## MONTGOMERY COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2022

members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by *Mississippi Code Annotated 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, 2022, 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, 2022 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, 2022, 2021 and 2020 were \$333,581, \$342,214 and \$335,317, respectively, equal to the required contributions for each year.

These financial statements do not reflect pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources in accordance with GASB 67, 68 and 71 as these financial statements were prepared using the cash basis of accounting.



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, 2022  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Property taxes	\$ 3,091,894	3,138,834	3,138,834	
Licenses, commissions and other receipts	174,962	116,989	116,989	
Fines and forfeitures	132,722	175,311	175,311	
Intergovernmental receipts	312,965	475,458	475,458	
Interest income		33,018	33,018	
Miscellaneous receipts	173,332	199,518	199,518	
Total Receipts	<u>3,885,875</u>	<u>4,139,128</u>	<u>4,139,128</u>	<u>0</u>
<b>DISBURSEMENTS</b>				
Current:				
General government	2,412,322	2,338,198	2,338,198	
Public safety	939,607	1,029,917	1,029,917	
Public works	18,010	13,500	13,500	
Health and welfare	143,745	106,159	106,159	
Culture and recreation	20,725			
Conservation of natural resources	90,494	84,461	84,461	
Economic development and assistance	103,966	118,157	118,157	
Debt service:				
Principal		65,171	65,171	
Interest		33,258	33,258	
Total Disbursements	<u>3,728,869</u>	<u>3,788,821</u>	<u>3,788,821</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>157,006</u>	<u>350,307</u>	<u>350,307</u>	<u>0</u>
<b>OTHER CASH SOURCES (USES)</b>				
Transfers in		28,500	28,500	
Transfers out		(267,000)	(267,000)	
Other financing sources	330,181			
Other financing uses	(574,561)			
Total Other Cash Sources and Uses	<u>(244,380)</u>	<u>(238,500)</u>	<u>(238,500)</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(87,374)</u>	<u>111,807</u>	<u>111,807</u>	
Cash Basis Fund Balances - Beginning	<u>2,680,000</u>	<u>2,709,995</u>	<u>2,709,995</u>	
Cash Basis Fund Balances - Ending	<u>\$ 2,592,626</u>	<u>2,821,802</u>	<u>2,821,802</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)  
 American Rescue Plan Act Fund  
 For the Year Ended September 30, 2022  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental receipts		949,339	949,339	0
Interest income		11,699	11,699	0
Total Receipts	0	961,038	961,038	0
DISBURSEMENTS				
Current:				
Economic development and assistance		185,000	185,000	0
Total Disbursements	0	185,000	185,000	0
Excess (Deficiency) of Receipts over (under) Disbursements	0	776,038	776,038	0
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	0	776,038	776,038	0
Cash Basis Fund Balances - Beginning		952,830	952,830	0
Cash Basis Fund Balances - Ending	\$ 0	1,728,868	1,728,868	0

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, 2022  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 574,365	516,369	516,369	
Road and bridge privilege taxes		115,994	115,994	
Intergovernmental receipts	496,000	595,330	595,330	
Interest income		11,451	11,451	
Miscellaneous receipts	6,500	16,364	16,364	
Total Receipts	<u>1,076,865</u>	<u>1,255,508</u>	<u>1,255,508</u>	<u>0</u>
DISBURSEMENTS				
Current:				
Public works	1,153,196	1,299,717	1,299,717	
Debt service:				
Principal		61,862	61,862	
Interest		5,325	5,325	
Total Disbursements	<u>1,153,196</u>	<u>1,366,904</u>	<u>1,366,904</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(76,331)</u>	<u>(111,396)</u>	<u>(111,396)</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Sale of county property		157,318	157,318	
Total Other Cash Sources and Uses	<u>0</u>	<u>157,318</u>	<u>157,318</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(76,331)</u>	<u>45,922</u>	<u>45,922</u>	<u>0</u>
Cash Basis Fund Balances - Beginning	<u>1,000,000</u>	<u>1,110,387</u>	<u>1,110,387</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 923,669</u>	<u>1,156,309</u>	<u>1,156,309</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, 2022  
UNAUDITED

The following is a summary of interfund balances at September 30, 2022:

A. Advances From/To Other Funds:

Receivable Fund	Payable Fund	Balance at Sept. 30, 2022
Unit System Road and Bridge Maintenance Fund	General Fund	\$ 12,826
Other Governmental Funds	Other Governmental Funds	7,476
Other Governmental Funds	Other Governmental 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, 2022  
UNAUDITED

**Governmental activities:**

	Balance Oct. 1, 2021	Additions	Deletions	Adjustments*	Balance Sept. 30, 2022
Land	\$ 151,973				151,973
Construction in progress	111,919	2,429,847		(2,262,432)	279,334
Infrastructure	12,332,987			2,262,432	14,595,419
Buildings	5,651,612				5,651,612
Mobile equipment	4,604,301	208,962	555,128	274,000	4,532,135
Furniture and equipment	638,486				638,486
Leased property under capital leases	274,000			(274,000)	0
Total capital assets	\$ 23,765,278	2,638,809	555,128	0	25,848,959

\*Adjustments are to reflect certain routine reclassifications for completed construction in progress to infrastructure and the reclassification of leased assets to mobile equipment due to the implementation of GASB 87.

These financial statements do not reflect leases in accordance with GASB 87 as these financial statements were prepared using the cash basis of accounting.

MONTGOMERY COUNTY  
Schedule of Changes in Long-term Debt  
For the Year Ended September 30, 2022  
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2022:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2021	Issued	Principal Payments	Balance Sept. 30, 2022
<b>Governmental Activities:</b>							
A. General Obligation Bonds:							
DHS Justice Court Building	03/2010	03/2024	4.10%	\$ 105,000		34,000	71,000
General obligation public improvement bonds	03/2014	03/2034	3.00/3.75%	725,000		45,000	680,000
B. Financed Purchases:							
Caterpillar motor grader	12/2018	12/2023	4.89%	63,538		30,931	32,607
Caterpillar motor grader	12/2018	12/2023	4.89%	63,538		30,931	32,607
C. Other Loans:							
MDA Cap Loan - Mental Health Building	06/2003	05/2022	3.00%	5,125		5,125	
MDA Cap Loan - Screw Conveyor	06/2012	05/2035	3.00%	231,067		15,046	216,021
MDA Cap Loan - Biewer Sawmill	10/2021	05/2042	2.00%		2,429,670		2,429,670
Promissory Note	07/2020	07/2025	2.50%	103,357		28,381	74,976
Total				\$ 1,296,625	2,429,670	189,414	3,536,881

These financial statements do not reflect leases in accordance with GASB 87 as these financial statements were prepared using the cash basis of accounting.

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, 2022  
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	Western Surety Company	100,000
James Ronald Wood, Jr.	Supervisor District 4	Western Surety Company	100,000
Ronald White	Supervisor District 5	Western Surety 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	100,000
Patsy A Barton	Deputy Chancery Clerk	Western Surety Company	50,000
Ryan Wood	Inventory Control Clerk	The Ohio Casualty Insurance Company	75,000
Ashley Eldridge	Assistant Inventory Control Clerk	State Automobile Mutual Insurance Company	50,000
L.C. Smith-District #1	Constable	Western Surety Company	50,000
Jerry Dale Bridges-District #2	Constable	Western Surety Company	50,000
Lanelle G. Martin	Circuit Clerk	Western Surety Company	100,000
Lesia Carole Goldman	Deputy Circuit Clerk	The Ohio Casualty Insurance Company	50,000
Robert Jeffry Tompkins	Sheriff	Western Surety Company	100,000
Christian Busby	Sheriff's Deputy	Western Surety Company	50,000
Jeffery Wilson	Sheriff's Deputy	Western Surety Company	50,000
Nicholas A. Cox	Sheriff's Deputy	Travelers Casualty and Surety Company	50,000
Adam Eubanks	Sheriff's Deputy	Western Surety Company	50,000
Cordaris Gholston	Sheriff's Deputy	Western Surety Company	50,000
Mark Beck	Sheriff's Deputy	Western Surety Company	50,000
Kelvin Lee	Sheriff's Deputy	Western Surety Company	50,000
Keith S. Roberts	Justice Court Judge	Western Surety Company	50,000
Florence Miers	Justice Court Clerk	Western Surety Company	50,000
Robert M Perry	Justice Court Clerk	The Ohio Casualty Insurance Company	50,000
Michie L Hooks	Deputy Justice Court Clerk	Western Surety Company	50,000
Tilford L. 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 Assessor-Collector	Western Surety Company	50,000
Lesia Carole Goldman	Deputy Circuit Clerk	The Ohio Casualty Insurance Company	50,000
Mary Brianna Bailey	Deputy Tax Collector	State Automobile Mutual Insurance Company	50,000

## MONTGOMERY COUNT

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MONTGOMERY COUNTY

Notes to Other Information  
For the Year Ended September 30, 2022  
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 each major Special Revenue Fund.

(2) Long-term Debt Information:

- A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2022, the amount of outstanding debt was equal to 1.04% of the latest property assessments.

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 (*Government Auditing Standards*), 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 30, 2024. 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.

**Report on 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) as a basis for designing 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 items 2022-001, 2022-002, 2022-003 and 2022-004 that we consider to be material weaknesses.

## **Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we reported to the management of Montgomery County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated July 30, 2024, included within this document.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Montgomery County, Mississippi's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. Montgomery County, Mississippi's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## **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

July 30, 2024





**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, MISSISSIPPI CODE OF 1972 ANNOTATED*)

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, Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with the bid requirements of *Section 31-7-13, Mississippi Code of 1972 Annotated* during the year ended September 30, 2022. 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, 2022.

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, Mississippi Code of 1972 Annotated*. 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.

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

July 30, 2024

MONTGOMERY COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder  
For the Year Ended September 30, 2022

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

MONTGOMERY COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2022

Schedule 2

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, 2022

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
10/1/2021	Duraberm	\$	3,600	Golden Triangle Mill Service
10/11/2021	Slag		4,200	Golden Triangle Mill Service
10/27/2021	Slag		4,200	Golden Triangle Mill Service
11/15/2021	Slag		4,200	Golden Triangle Mill Service
11/22/2021	Slag		4,200	Golden Triangle Mill Service
12/8/2021	Slag		4,200	Golden Triangle Mill Service
12/14/2021	Slag		4,200	Golden Triangle Mill Service
12/29/2021	Slag		4,200	Golden Triangle Mill Service
1/11/2022	Slag		4,200	Golden Triangle Mill Service

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, 2022, 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 July 30, 2024, on the financial statements of Montgomery County, Mississippi.

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

The results of our review procedures and compliance tests identified a certain immaterial instance of noncompliance with state laws and regulations that is an opportunity for strengthening internal controls and operating efficiency. Our finding, recommendation, and your response are disclosed below:

**Sheriff.**

1. Internal controls over the Sheriff's office collections should be strengthened.

**Repeat Finding** Yes

**Criteria** An effective system of internal controls in the Sheriff's office should include timely deposits of collections.

**Condition** As reported in the two prior years' audit reports, we noted that collections were not deposited into the bank account in a timely manner.

**Cause** Controls were not in place to ensure timeliness of deposits.

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

**Recommendation**      The Sheriff should implement internal controls to ensure that deposits are made on a timely basis.

**Views of Responsible  
Official(s)**      I will comply.

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

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

July 30, 2024



## 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, 2022

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
American Rescue Plan Act Fund	Unmodified
Unit System Road and Bridge Maintenance Fund	Unmodified
CAP Loan Biewer Sawmill Fund	Unmodified
HB 1353 Infrastructure 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? No

Section 2: Financial Statement Findings

**Board of Supervisors.**

**Material Weakness**

<b>2022-001.</b>	<u>An adequate system of internal control over payroll procedures should be implemented.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	An effective system of internal controls should include an adequate segregation of duties.
<b>Condition</b>	As reported in the prior eight years' audit reports, inadequate controls exist in the payroll function. One employee has control over the authorization, recordkeeping and custody of payroll transactions.
<b>Cause</b>	The County lacked the necessary controls over payroll procedures.
<b>Effect</b>	Without proper controls, inaccurate payroll checks could be processed.
<b>Recommendation</b>	The Board of Supervisors should hire additional personnel to allow for adequate segregation of duties over payroll procedures.
<b>Views of Responsible Official(s)</b>	Over the years, we have implemented new procedures such as: each department head authorizes their own payroll, the chancery clerk reviews each payroll before it is processed, and a part time clerk reconciles the bank statement.

MONTGOMERY COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2022

**Chancery Clerk.**

**Material Weakness**

**2022-002.** Controls over cash collections and disbursements in the Chancery Clerk's office should be strengthened.

**Repeat Finding** Yes

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

**Condition** As reported in the prior eleven years' audit reports, cash collections 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.

**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.

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

**Views of Responsible Official(s)** We are in the process of training new employees to help with segregating these duties.

**Circuit Clerk.**

**Material Weakness**

**2022-003.** Controls over cash collections and disbursements in the Circuit Clerk's office should be strengthened.

**Repeat Finding** Yes

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

**Condition** As reported in the prior eleven years' audit reports, cash collections and disbursements 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.

MONTGOMERY COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2022

**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.

**Tax Assessor-Collector.**

**Material Weakness**

**2022-004.** 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 controls should include an adequate segregation of duties.

**Condition** As reported in the prior eleven years' audit reports, cash collections and disbursements 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 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)**

Funds are not available to hire additional people. If ever the funds do become available then this situation will be rectified.