



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

WILKINSON COUNTY, MISSISSIPPI
ANNUAL FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2016
AND FOR THE YEAR THEN ENDED

WITH
INDEPENDENT AUDITOR'S REPORT



SILAS SIMMONS LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

WILKINSON COUNTY, MISSISSIPPI
Annual Financial Statements
As of and for the Year Ended September 30, 2016

TABLE OF CONTENTS

	Statement	Page
Independent Auditor's Report-----		1-3
<u>Basic Financial Statements</u>		
Government-Wide Financial Statements:		
Statement of Net Position-----	A	4-5
Statement of Activities-----	B	6
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet-----	C	7
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position -----	D	8
Statement of Revenues, Expenditures, and Changes in Fund Balances -----	E	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities-----	F	10
Proprietary Funds:		
Statement of Net Position-----	G	11
Statement of Revenues, Expenses, and Changes in Net Position -----	H	12
Statement of Cash Flows -----	I	13
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities -----	J	14
Notes to the Basic Financial Statements -----		15-37
Required Supplementary Information		
Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) - General Fund -----		38

WILKINSON COUNTY, MISSISSIPPI
Annual Financial Statements
As of and for the Year Ended September 30, 2016

TABLE OF CONTENTS

	Schedule	Page
Schedule of Wilkinson County, Mississippi's Proportionate Share of the Net Pension Liability -----		39
Schedule of Wilkinson County, Mississippi's Contributions -----		40
Notes to the Required Supplementary Information -----		41-42
Other Information		
Schedule of Surety Bonds for County Officials -----		43
Special Reports		
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 <i>Government Auditing Standards</i> -----		44-45
Independent Accountant's Report on Central Purchasing System, Inventory Control System, and Purchase Clerk Schedules (Required by Section 31-7-115, Miss. Code Ann. (1972)) -----		46-47
Schedule of Purchases Not Made From the Lowest Bidder -----	1	48
Schedule of Emergency Purchases -----	2	49
Schedule of Purchases Made Noncompetitively From a Sole Source -----	3	50
Limited Internal Control and Compliance Review Management Report -----		51-53
Schedule of Findings and Responses		
Schedule of Findings and Responses -----		54-57

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Wilkinson County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the General Fund, the discretely presented component unit, and the aggregate remaining fund information of Wilkinson County, Mississippi (the County) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on Governmental Activities and Business-Type Activities

The County did not maintain adequate subsidiary records documenting the existence, completeness, and valuation of the County's capital assets in the governmental activities and business-type activities and, accordingly, has not recorded the appropriate depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that adequate records must be maintained to document the existence, completeness, and valuation of capital assets, and also that the depreciation on capital assets be adequately documented. The amount by which this departure would affect the assets and expenses on the governmental activities and business-type activities is not reasonably determinable.

Qualified Opinion

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinions on Governmental Activities and Business-Type Activities" paragraph, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of Wilkinson County, Mississippi, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion on the General Fund

The County was not able to document the existence and valuation of fines receivable for Justice Court fines and the aging of fines receivable as of September 30, 2016. If fines receivable were properly documented and recorded, an adjustment to the assets, deferred inflows and fund balances may be required. The amounts recorded in the balance sheet - Governmental Funds were estimates provided by the County, and we were not able to determine the accuracy of these estimates.

The County was not able to produce supporting documentation for the Chancery Clerk's revenue and expenditures for the year ended September 30, 2016. The Chancery Clerk is part of the County's legal entity and therefore is reported as part of the primary government financial statements in the General Fund. As a result, we were unable to determine whether any adjustments were necessary relating to the General Fund's revenue and expenditures.

Qualified Opinion

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinions on the General Fund" paragraph, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the General Fund of Wilkinson County, Mississippi, as of September 30, 2016, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate remaining fund information and the discretely presented component unit of Wilkinson County, Mississippi as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of the County's Contributions be presented to supplement the basic financial statements.

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

Omitted Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wilkinson County, Mississippi's basic financial statements.

The Schedule of Surety Bonds for County Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2020, on our consideration of Wilkinson County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 Wilkinson County, Mississippi's internal control over financial reporting and compliance.



Natchez, Mississippi
October 23, 2020

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

WILKINSON COUNTY, MISSISSIPPI

STATEMENT OF NET POSITION

SEPTEMBER 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Wilkinson County Industrial Development Authority
<u>ASSETS</u>				
Cash	\$ 490,818	\$ 33,095	\$ 523,913	\$ 315,308
Accrued interest receivable	-	-	-	263,201
Property tax receivable	3,188,193	-	3,188,193	-
Accounts receivable - net of allowance for uncollectibles of \$588,017	-	44,031	44,031	1,034,880
Fines receivable - net of allowance for uncollectibles of \$2,925,020	155,318	-	155,318	-
Lease receivable	-	-	-	20,100,000
Intergovernmental receivables	190,787	-	190,787	-
Internal balances	208,207	(208,207)	-	-
Due from agency funds	459,548	-	459,548	-
Capital assets:				
Land and construction in progress	1,605,928	-	1,605,928	-
Other capital assets, net	18,799,488	65,228	18,864,716	-
Total assets	\$ 25,098,287	\$ (65,853)	\$ 25,032,434	\$ 21,713,389
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflows related to pensions	\$ 1,010,068	\$ -	\$ 1,010,068	\$ -
Total deferred outflows of resources	\$ 1,010,068	\$ -	\$ 1,010,068	\$ -

- continued -

WILKINSON COUNTY, MISSISSIPPI

STATEMENT OF NET POSITION

SEPTEMBER 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business- Type Activities	Total	Wilkinson County Industrial Development Authority
<u>LIABILITIES</u>				
Claims payable	\$ 150,353	\$ 27,225	\$ 177,578	\$ 1,051,695
Deferred revenue	-	48,699	48,699	-
Accrued interest payable	-	-	-	263,201
Certificates of participation	-	-	-	20,100,000
Due to agency funds	755,277	28,476	783,753	-
Long-term liabilities:				
Pension liability	6,430,499	-	6,430,499	-
Due within one year:				
Capital debt	1,620,000	-	1,620,000	-
Noncapital debt	297,383	-	297,383	-
Due in more than one year:				
Capital debt	3,129,472	-	3,129,472	-
Total liabilities	\$ 12,382,984	\$ 104,400	\$ 12,487,384	\$ 21,414,896
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Property taxes for future reporting periods	\$ 3,188,193	\$ -	\$ 3,188,193	\$ -
Deferred inflows related to pensions	17,088	-	17,088	-
Total deferred inflows of resources	\$ 3,205,281	\$ -	\$ 3,205,281	\$ -
<u>NET POSITION</u>				
Net investment in capital assets	\$ 15,655,944	\$ 65,228	\$ 15,721,172	\$ -
Restricted for:				
Expendable:				
Debt service	556,983	-	556,983	-
Public safety	11,553	-	11,553	-
Public works	(10,555)	-	(10,555)	-
Culture and recreation	1,654	-	1,654	-
Unrestricted	(5,695,489)	(235,481)	(5,930,970)	298,493
Total restricted net position	\$ 10,520,090	\$ (170,253)	\$ 10,349,837	\$ 298,493

The accompanying notes are an integral part of this financial statement.

WILKINSON COUNTY, MISSISSIPPI

STATEMENT B

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contri- butions	Capital Grants and Contri- butions	Primary Government			Wilkinson County Industrial Development Authority
					Govern- mental Activities	Business- Type Activities	Total	
Primary government:								
Governmental activities								
General government	\$ 1,957,734	\$ 156,099	\$ 31,185	\$ -	\$ (1,770,450)	\$ -	\$ (1,770,450)	
Public safety	1,262,561	33,781	104,691	-	(1,124,089)	-	(1,124,089)	
Public works	1,645,537	-	641,294	57,504	(946,739)	-	(946,739)	
Health and welfare	150,741	-	23,983	-	(126,758)	-	(126,758)	
Culture and recreation	107,344	-	-	-	(107,344)	-	(107,344)	
Conservation of natural resources	34,405	-	-	-	(34,405)	-	(34,405)	
Economic development and assistance	27,305	-	-	-	(27,305)	-	(27,305)	
Interest on long-term debt	225,993	-	-	-	(225,993)	-	(225,993)	
Pension expense	974,818	-	-	-	(974,818)	-	(974,818)	
Total governmental activities	\$ 6,386,438	\$ 189,880	\$ 801,153	\$ 57,504	\$ (5,337,901)	\$ -	\$ (5,337,901)	
BUSINESS-TYPE ACTIVITIES								
Solid waste services	\$ 622,602	\$ 511,669	\$ -	\$ -	\$ -	\$ (110,933)	(110,933)	
Total primary government	\$ 7,009,040	\$ 701,549	\$ 801,153	\$ 57,504	\$ (5,337,901)	\$ (110,933)	(5,448,834)	
COMPONENT UNIT								
Wilkinson County Industrial Development Authority	\$ 14,874,392	\$ 13,789,225	\$ -	\$ -				\$ (1,085,167)
General revenues:								
Property taxes					\$ 3,911,792	\$ -	\$ 3,911,792	\$ -
Road and bridge privilege taxes					94,519	-	94,519	-
Grants and contributions not restricted to specific programs					681,646	-	681,646	-
Unrestricted interest income					9,195	-	9,195	1,052,805
Miscellaneous					106,538	-	106,538	-
Transfers					(115,716)	115,716	-	-
Total general revenues					\$ 4,687,974	\$ 115,716	\$ 4,803,690	\$ 1,052,805
Change in net position					\$ (649,927)	\$ 4,783	\$ (645,144)	\$ (32,362)
Net position - beginning, as previously reported					\$ 13,516,662	\$ (125,556)	\$ 13,391,106	\$ 330,855
Prior period adjustments					(2,346,645)	(49,480)	(2,396,125)	-
Net position - beginning as restated					11,170,017	(175,036)	10,994,981	330,855
Net position - ending					\$ 10,520,090	\$ (170,253)	\$ 10,349,837	\$ 298,493

The accompanying notes are an integral part of this financial statement.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

WILKINSON COUNTY, MISSISSIPPI

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2016

	Major Funds General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 490,818	\$ -	\$ 490,818
Property tax receivable	2,645,790	542,403	3,188,193
Fines receivable - net of allowance for uncollectibles of \$2,925,020	155,318	-	155,318
Intergovernmental receivables	190,787	-	190,787
Due from other funds	66,524	51,394	117,918
Advances to other funds	-	556,983	556,983
Total assets	<u>\$ 3,549,237</u>	<u>\$ 1,150,780</u>	<u>\$ 4,700,017</u>
LIABILITIES			
Claims payable	\$ 119,883	\$ 30,470	\$ 150,353
Due to other funds	291,736	18,272	310,008
Advances from other funds	452,415	-	452,415
Total liabilities	<u>\$ 864,034</u>	<u>\$ 48,742</u>	<u>\$ 912,776</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property taxes	\$ 2,645,790	\$ 542,403	\$ 3,188,193
Unavailable revenue - fines	155,318	-	155,318
Total deferred inflows of resources	<u>\$ 2,801,108</u>	<u>\$ 542,403</u>	<u>\$ 3,343,511</u>
Fund balance:			
Unassigned, reported in:			
General government	(115,905)	-	(115,905)
Special revenue funds	-	2,652	2,652
Debt service funds	-	556,983	556,983
Total fund balance	<u>\$ (115,905)</u>	<u>\$ 559,635</u>	<u>\$ 443,730</u>
Total liabilities and fund balance	<u>\$ 3,549,237</u>	<u>\$ 1,150,780</u>	<u>\$ 4,700,017</u>

The accompanying notes are an integral part of this financial statement.

WILKINSON COUNTY, MISSISSIPPI

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2016

Total Fund Balances – Governmental Funds	\$ 443,730
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$22,510,757.	20,405,416
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Fines receivable	155,318
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(5,046,855)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(6,430,499)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	1,010,068
Deferred inflows of resources related to pensions	(17,088)
Total Net Position - Governmental Activities	\$ 10,520,090

The accompanying notes are an integral part of this financial statement.

WILKINSON COUNTY, MISSISSIPPI

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Major Funds General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	\$ 3,140,943	\$ 770,849	\$ 3,911,792
Road and bridge privilege taxes	-	94,519	94,519
Licenses, commissions, and other revenues	89,343	1,700	91,043
Fines and forfeitures	83,021	-	83,021
Intergovernmental revenues	672,721	813,828	1,486,549
Charges for services	25,817	122,650	148,467
Interest income	9,195	-	9,195
Miscellaneous revenues	27,641	-	27,641
Total revenues	\$ 4,048,681	\$ 1,803,546	\$ 5,852,227
EXPENDITURES			
Current:			
General government	\$ 2,156,757	\$ 18,113	\$ 2,174,870
Public safety	1,356,051	50,379	1,406,430
Public works	675	2,230,406	2,231,081
Health and welfare	146,148	7,643	153,791
Culture and recreation	102,412	4,932	107,344
Conservation of natural resources	34,405	-	34,405
Economic development and assistance	27,305	-	27,305
Debt service:			
Principal	785,070	3,071,589	3,856,659
Interest	7,823	76,170	83,993
Bond issue costs	-	142,000	142,000
Total expenditures	\$ 4,616,646	\$ 5,601,232	\$ 10,217,878
Excess of revenues over (under) expenditures	\$ (567,965)	\$ (3,797,686)	\$ (4,365,651)
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued	\$ 1,285,070	\$ 3,271,915	\$ 4,556,985
Transfers - in	-	610,776	610,776
Transfers - out	(726,492)	-	(726,492)
Total other financing sources (uses)	\$ 558,578	\$ 3,882,691	\$ 4,441,269
Net change in fund balances	\$ (9,387)	\$ 85,005	\$ 75,618
Fund balances - beginning, as previously reported	887,878	509,727	1,397,605
Prior period adjustment	(994,396)	(35,097)	(1,029,493)
Fund balances - beginning, restated	\$ (106,518)	\$ 474,630	\$ 368,112
Fund balances - ending	\$ (115,905)	\$ 559,635	\$ 443,730

The accompanying notes are an integral part of this financial statement.

WILKINSON COUNTY, MISSISSIPPI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$ 75,618
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$608,075 exceeded depreciation of \$22,571 in the current period.	585,504
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$3,856,659 exceeded debt proceeds of \$4,556,985.	(700,326)
Some items reported in the Statement of Activities relating to the implementation of GASB Statement 68 are not reported in the governmental funds. These activities include:	
Recording of pension expense for the current year	(974,818)
Recording of contributions made during the year	364,095
Change in Net Position of Governmental Activities	<u>\$ (649,927)</u>

The accompanying notes are an integral part of this financial statement.

PROPRIETARY FUNDS

WILKINSON COUNTY, MISSISSIPPI

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2016

	Solid Waste Services Fund
<u>ASSETS</u>	
Current assets:	
Cash	\$ 33,095
Accounts receivable - net of allowance for uncollectibles of \$588,017	44,031
Advances to other funds	3,038
Total current assets	<u>\$ 80,164</u>
Noncurrent assets:	
Capital assets, net	<u>\$ 65,228</u>
Total assets	<u>\$ 145,392</u>
<u>LIABILITIES</u>	
Current liabilities:	
Claims payable	27,225
Due to other funds	22,802
Advances from other funds	216,919
Deferred revenue	48,699
Total current liabilities	<u>\$ 315,645</u>
Total liabilities	<u>\$ 315,645</u>
<u>NET POSITION</u>	
Net investment in capital assets	\$ 65,228
Unrestricted	(235,481)
Total net position	<u>\$ (170,253)</u>

The accompanying notes are an integral part of this financial statement.

WILKINSON COUNTY, MISSISSIPPI

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Business-Type Activities Enterprise Fund Solid Waste Services Fund
OPERATING REVENUES	
Charges for services	\$ 511,669
Total operating revenues	<u>\$ 511,669</u>
OPERATING EXPENSES	
Personal services	\$ 183,377
Contractual services	357,090
Materials and supplies	11,737
Depreciation expense	-
Bad debt expense	59,403
Administrative	10,995
Total operating expenses	<u>\$ 622,602</u>
Operating income	<u>\$ (110,933)</u>
Net income (loss) before transfers	\$ (110,933)
Transfers in	<u>115,716</u>
Changes in net position	<u>\$ 4,783</u>
Total net position - beginning, as previously reported	\$ (125,556)
Prior period adjustment	(49,480)
Total net position - beginning, restated	<u>\$ (175,036)</u>
Total net position - ending	<u><u>\$ (170,253)</u></u>

The accompanying notes are an integral part of this financial statement.

WILKINSON COUNTY, MISSISSIPPI

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Solid Waste Services Fund
<u>Cash Flows From Operating Activities</u>	
Receipts from customers	\$ 487,885
Payments to suppliers	(376,134)
Payments to employees	(194,372)
Net cash used for operating activities	<u>\$ (82,621)</u>
<u>Cash Flows From Noncapital Financing Activities</u>	
Cash received from other funds	
Operating transfers in	115,716
Net cash provided by noncapital financing activities	<u>\$ 115,716</u>
Net increase (decrease) in cash and cash equivalents	\$ 33,095
Cash and cash equivalents – beginning of year	<u>5,090</u>
Adjustment to beginning of year cash due to prior year error	(5,090)
Cash and cash equivalents – end of year	<u><u>\$ 33,095</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities</u>	
Operating income (loss)	\$ (110,933)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities</u>	
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(907)
Increase (decrease) in claims payable	(7,307)
Increase (decrease) in deferred revenues	36,526
Total adjustments	<u>\$ 28,312</u>
Net cash used for operating activities	<u><u>\$ (82,621)</u></u>

The accompanying notes are an integral part of this financial statement.

FIDUCIARY FUNDS

WILKINSON COUNTY, MISSISSIPPI

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

SEPTEMBER 30, 2016

ASSETS

Cash and investments	\$	163,204
Due from other funds		214,892
Advances to other funds		<u>109,313</u>
Total assets	\$	<u><u>487,409</u></u>

LIABILITIES

Accounts payable	\$	249,782
Intergovernmental payables		<u>237,627</u>
Total liabilities	\$	<u><u>487,409</u></u>

The accompanying notes are an integral part of this financial statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

WILKINSON COUNTY, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

Wilkinson County is a political subdivision of the State of Mississippi. Wilkinson County, Mississippi (the County) is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require the County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

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

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

B. Individual Component Unit Disclosures

Discretely Presented Component Unit

The component unit column in the financial statements includes the financial data of the following component unit of the County as of the component unit's financial reporting date, October 31, 2016. It is reported in a separate column to emphasize that it is legally separate from the County. A majority of the members of the governing body of this component unit are appointed by the County Board of Supervisors.

The Wilkinson County Industrial Development Authority is a legally separate entity organized under 19-5-99, Miss Code Ann. (1972). The Wilkinson County Industrial Development Authority was created to promote industrial development in Wilkinson County by whatever means necessary, including, but not limited to the development of an industrial park. The entity is governed by a five-member board of directors, all appointed by the County Board of Supervisors. The County funds the entity's operations.

The audited financial statements of the discretely presented component unit are available from Wilkinson County Industrial Development Authority.

WILKINSON COUNTY, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation

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

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities are generally financed through taxes, intergovernmental revenues, and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from its legally separate component unit for which the primary governmental is financially accountable.

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

Fund Financial Statements

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

WILKINSON COUNTY, MISSISSIPPI
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting

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

The County's Proprietary Funds apply all applicable Governmental Accounting Standards Board (GASB) pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: *Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.*

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

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

The County reports the following major Governmental Funds:

General Fund – This fund is used to account for all activities of the general government for which a separate fund has not been established.

The County reports the following major Enterprise Fund:

Solid Waste Fund – This fund is used to account for the County's activities of disposal of solid waste within the County.

WILKINSON COUNTY, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

Additionally, the County reports the following fund types:

GOVERNMENT FUND TYPES

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions, and other resources restricted as to purpose.

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

PROPRIETARY FUND TYPES

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

FIDUCIARY FUND TYPE

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

E. Account Classifications

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

F. Deposits and Investments

State law authorizes the County to invest in interest-bearing time certificates of deposit for periods of 14 days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality, or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit, and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the County did not invest in any governmental securities during the fiscal year.

WILKINSON COUNTY, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Receivables

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

H. Interfund Transactions and Balances

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance reserve account in applicable Governmental Funds to indicate that they are not available for appropriation and are not expendable available financial resources. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

J. Capital Assets

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the governmental activities or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

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

WILKINSON COUNTY, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Capital Assets (continued)

The following schedule details those thresholds and estimated useful lives:

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

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

K. Deferred Outflows/Inflows of Resources

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

Deferred outflows related to pensions - This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. (See Note 14 for additional details.)

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

Deferred inflows related to pensions - This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. (See Note 14 for additional details.)

Property tax for future reporting period/unavailable revenue - property taxes - Deferred inflows of resources are reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Unavailable revenue - fines receivable - When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government reports a deferred inflow of resources until such time as the revenue becomes available.

WILKINSON COUNTY, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Pensions

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

M. Long-Term Liabilities

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

In the fund financial statements, Governmental Fund Types recognize bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Equity Classifications

Government-Wide Financial Statements:

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

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

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

Unrestricted net position – All other net position not meeting the definition of "restricted" or "net investment in capital assets."

WILKINSON COUNTY, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Equity Classifications (continued)

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenditures are incurred 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.

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

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

Fund Balance Flow Assumption:

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

WILKINSON COUNTY, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Property Tax Revenues

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

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

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

P. Intergovernmental Revenues in Governmental Funds

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

Q. Compensated Absences

The County has adopted a policy of compensation for accumulated unpaid employee benefits; however, adequate records are not maintained for determining the amount of the liability. Therefore, no liability is recorded in the accompanying financial statements as required by accounting principles generally accepted in the United States of America. We believe the effects of the unrecorded liability on the financial statements are immaterial.

WILKINSON COUNTY, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 2 - PRIOR PERIOD ADJUSTMENTS

A summary of significant net position adjustments are as follows:

Statement B - Statement of Activities

<u>Explanation</u>	<u>Amount</u>
Governmental Activities:	
An adjustment to correct a prior year error in cash reconciliation	\$ 400,507
An adjustment to remove a non-existent loan	(410,000)
An adjustment to correct a prior year error in recording loan proceeds	(1,020,000)
An adjustment to correctly record prior year GASB Statement 68 adjustment	(621,337)
An adjustment to remove compensated absences incorrectly recorded	53,419
An adjustment to record Agency Fund previously recorded as Internal Service Fund	(283,706)
An adjustment to correct a prior year error in recording a revenue or expenditure	(465,528)
Total governmental activities	<u>\$ (2,346,645)</u>
Business-Type Activities - Enterprise Fund:	
An adjustment to correctly record prior year accounts receivable	\$ (174,547)
An adjustment to correctly record prior year GASB Statement 68 adjustment	126,030
An adjustment to remove compensated absences incorrectly recorded	4,127
An adjustment to correct a prior year error in cash reconciliation	(5,090)
Total business-type activities	<u>\$ (49,480)</u>
Total Statement B	<u>\$ (2,396,125)</u>

WILKINSON COUNTY, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 2 – PRIOR PERIOD ADJUSTMENTS (continued)

Statement E – Statement of Revenues, Expenses, and Changes in Fund Balances – Governmental Funds

<u>Explanation</u>	<u>Amount</u>
Governmental Activities – General Fund:	
An adjustment to correct a prior year error in cash reconciliation	\$ 25,604
An adjustment to correct a prior year error in recording loan proceeds	(1,020,000)
Subtotal	<u>\$ (994,396)</u>
Governmental Activities – Other Governmental Funds:	
An adjustment to correct a prior year error in cash reconciliation	\$ 374,903
An adjustment to remove a non-existent loan	(410,000)
Subtotal	<u>\$ (35,097)</u>
Total Statement E	<u>\$ (1,029,493)</u>

Statement H – Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds

<u>Explanation</u>	<u>Amount</u>
Business-Type Activities – Enterprise Fund:	
An adjustment to correctly record prior year accounts receivable	\$ (174,547)
An adjustment to correctly record prior year GASB 68 adjustment	126,030
An adjustment to remove compensated absences incorrectly recorded	4,127
An adjustment to correct a prior year error in cash reconciliation	(5,090)
Subtotal	<u>\$ (49,480)</u>
Total Statement H	<u>\$ (49,480)</u>

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2016, was \$687,117, and the bank balance was \$799,132. 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).

WILKINSON COUNTY, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Deposits: (continued)

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. However, the Mississippi State Treasurer manages that risk on behalf of the County. 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.

NOTE 4 - INTERFUND TRANSACTIONS AND BALANCES

The following is a summary of interfund balances at September 30, 2016:

A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 51,394
General Fund	General Fund	14,478
General Fund	Other Governmental Funds	18,272
General Fund	Enterprise Fund	22,802
General Fund	Agency Fund	10,972
Agency Funds	General Fund	225,864
Total		<u>\$ 343,782</u>

Some receivables represent the tax revenue collected but not settled until October 2016. All current interfund balances are expected to be repaid within one year from the date of the financial statements. Some receivables represent an error in posting expenditures during the year.

B. Advances From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 213,381
General Fund	Enterprise Fund	188,443
General Fund	Agency Fund	448,576
Other Governmental Funds	General Fund	964,175
Other Governmental Funds	Other Governmental Funds	753,575
Enterprise Fund	General Fund	3,038
Agency Funds	General Fund	335,602
Agency Funds	Other Governmental Funds	193,811
Agency Funds	Enterprise Fund	28,476
Total		<u>\$ 3,129,077</u>

Advances to other funds have generally been made to provide cash to funds to help fund operations.

WILKINSON COUNTY, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 4 - INTERFUND TRANSACTIONS AND BALANCES (continued)

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 610,776
Enterprise Funds	General Fund	115,716
Total		<u>\$ 726,492</u>

The purpose of interfund transfers is to transfer revenues from other governmental funds to individual district road funds.

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at September 30, 2016, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tag credit	\$ 49,014
Motor vehicle fuel tax	42,610
Oil and gas severance	48,798
Timber severance	365
Other state revenue	50,000
Total governmental activities	<u>\$ 190,787</u>

WILKINSON COUNTY, MISSISSIPPI

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 6 - CAPITAL ASSETS

The following is a summary of capital assets activity for the year ended September 30, 2016:

	Beginning Balance 10/01/15	Increases	Decreases	Ending Balance 09/30/16
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 133,021	\$ -	\$ -	\$ 133,021
Construction in progress	1,472,907	-	-	1,472,907
Total capital assets, not being depreciated	\$ 1,605,928	\$ -	\$ -	\$ 1,605,928
Capital assets being depreciated				
Infrastructure	\$ 29,962,704	\$ 44,000	\$ -	\$ 30,006,704
Buildings	5,981,909	67,816	-	6,049,725
Improvements other than buildings	264,414	-	-	264,414
Mobile equipment	2,480,258	474,759	-	2,955,017
Furniture and equipment	525,524	21,500	-	547,024
Leased property under capital leases	1,487,361	-	-	1,487,361
Total capital assets being depreciated	\$ 40,702,170	\$ 608,075	\$ -	\$ 41,310,245
Less accumulated depreciation for:				
Infrastructure	\$ 17,039,114	\$ 1,173	\$ -	\$ 17,040,287
Buildings	2,327,521	113	-	2,327,634
Improvements other than buildings	70,189	-	-	70,189
Mobile equipment	2,045,381	19,350	-	2,064,731
Furniture and equipment	388,984	1,935	-	390,919
Leased property under capital leases	616,997	-	-	616,997
Total accumulated depreciation	\$ 22,488,186	\$ 22,571	\$ -	\$ 22,510,757
Total capital assets being depreciated, net	\$ 18,213,984	\$ 585,504	\$ -	\$ 18,799,488
Governmental activities capital assets, net	\$ 19,819,912	\$ 585,504	\$ -	\$ 20,405,416
Business-type activities:				
Capital assets being depreciated				
Mobile equipment	\$ 356,446	\$ -	\$ -	\$ 356,446
Leased property under capital leases	-	-	-	-
Total capital assets being depreciated	\$ 356,446	\$ -	\$ -	\$ 356,446
Less accumulated depreciation for:				
Mobile equipment	\$ 291,218	\$ -	\$ -	\$ 291,218
Leased property under capital leases	-	-	-	-
Total accumulated depreciation	\$ 291,218	\$ -	\$ -	\$ 291,218
Total capital assets being depreciated, net	\$ 65,228	\$ -	\$ -	\$ 65,228
Business-type activities capital assets, net	\$ 65,228	\$ -	\$ -	\$ 65,228

WILKINSON COUNTY, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 6 - CAPITAL ASSETS (continued)

Depreciation expense was charged to the following functions:

Governmental activities:

General government	\$ 113
Public safety	1,076
Public works	21,382
Health and welfare	-
Economic development and assistance	-
Total governmental activities depreciation expense	<u>\$ 22,571</u>

Business-type activities:

Solid waste	<u>\$ -</u>
-------------	-------------

NOTE 7 - CLAIMS AND JUDGMENTS

Risk Financing

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2016 to January 1, 2017. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

NOTE 8 - CAPITAL LEASES

As lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2016:

<u>Classes of Property</u>	<u>Amount</u>
Mobile equipment	\$ 307,733
Less: accumulated depreciation	(616,997)
Leased property under capital lease	<u>\$ (309,264)</u>

The following is a schedule by years of the total payment due as of September 30, 2016:

<u>Year ended September 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 20,522	\$ 4,282
2018	20,989	3,816
2019	151,222	10,315
	<u>\$ 192,733</u>	<u>\$ 18,413</u>

WILKINSON COUNTY, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 9 - LONG-TERM DEBT

Debt outstanding as of September 30, 2016, consisted of the following:

<u>Description</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity</u>
<u>A. General Obligation Bonds:</u>			
Certificate of Participation	\$ 2,515,000	2.25-3%	10/2029
	<u>\$ 2,515,000</u>		
<u>B. Capital Leases</u>			
District Two equipment	\$ 192,733	2.25%	3/2019
	<u>\$ 192,733</u>		
<u>C. Other Loans</u>			
FEMA Community Disaster Loan	\$ 1,120,000	.75%	1/2017
Note payable	80,050	3.25%	3/2020
Note payable	35,070	2.95%	3/2017
Note payable	52,202	3.25%	6/2019
Note payable	29,891	4.50%	9/2018
Note payable	29,883	4.50%	9/2018
Note payable	196,137	3.25%	3/2021
Note payable	100,497	2.49%	5/2020
Note payable	21,455	2.59%	7/2019
Note payable	22,140	2.00%	4/2017
Note payable	91,657	1.75%	9/2021
Note payable	60,140	1.50%	4/2017
Note payable	250,000	1.75%	4/2017
Note payable	250,000	1.75%	4/2017
	<u>\$ 2,339,122</u>		

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

<u>Year ended September 30,</u>	<u>General Obligation Bonds</u>		<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ -	\$ 41,908	\$ 1,896,861	\$ 46,954
2018	165,000	58,137	165,083	12,098
2019	170,000	53,113	130,079	7,110
2020	175,000	47,938	104,256	3,430
2021	175,000	42,688	42,843	561
2022-2026	975,000	144,238	-	-
2027-2031	855,000	38,606	-	-
	<u>\$ 2,515,000</u>	<u>\$ 426,628</u>	<u>\$ 2,339,122</u>	<u>\$ 70,153</u>

WILKINSON COUNTY, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 9 – LONG-TERM DEBT (continued)

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, 2016, the amount of outstanding debt was equal to 8% of the latest property assessments.

	Balance				Balance	Amount
<u>Governmental Activities</u>	<u>10/1/2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments</u>	<u>9/30/2016</u>	<u>Due Within</u>
						<u>One Year</u>
Compensated absences	\$ 53,419	\$ -	\$ -	\$ (53,419)	\$ -	\$ -
Certificates of participation	2,530,000	2,670,000	(2,685,000)	-	2,515,000	-
Capital leases	561,389	-	(33,390)	(335,266)	192,733	20,522
Other loans	1,255,140	1,886,985	(1,138,269)	335,266	2,339,122	1,896,861
	<u>\$ 4,399,948</u>	<u>\$ 4,556,985</u>	<u>\$ (3,856,659)</u>	<u>\$ (53,419)</u>	<u>\$ 5,046,855</u>	<u>\$ 1,917,383</u>

	Balance				Balance	Amount
<u>Business-Type Activities</u>	<u>10/1/2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments</u>	<u>9/30/2016</u>	<u>Due Within</u>
						<u>One Year</u>
Compensated absences	\$ 4,127	\$ -	\$ -	\$ (4,127)	\$ -	\$ -
	<u>\$ 4,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,127)</u>	<u>\$ -</u>	<u>\$ -</u>

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, District Funds, Road Maintenance Fund, and Enterprise Fund.

NOTE 10 – DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS

The following individual funds reported deficits in fund balances at September 30, 2016:

<u>Fund</u>	<u>Deficit Amount</u>
General Fund	\$ 115,905
Special Revenue Funds:	
Fire Insurance Rebate Fund	110
District Three Road	160
District Four Road	14,929
Proprietary Funds:	
Solid Waste Services Fund	170,253

WILKINSON COUNTY, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 11 - CONTINGENCIES

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

Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

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

Community Disaster Loan - During the year ending September 30, 2014, the County received \$100,000 from the Community Disaster Loan Program from the United States Department of Homeland Security, Federal Emergency Management Agency. The County is approved for a total loan amount of \$1,270,089 at .75% interest. At year ended September 30, 2016, the principal balance was \$1,120,000.

The Community Disaster Loan Program is administered by the United States Department of Homeland Security, Federal Emergency Management Agency. Loans are made to local governments in designated major disaster areas. As a result of the 2011 Mississippi River Flood the County was designated a major disaster area.

In accordance with federal guidelines, the loan will be forgiven if certain revenue criteria are met in future years. If the criteria are not met, the loan and interest will be due on January 26, 2017. (See Note 9 - Long-Term Debt and Note 15 - Subsequent Events.)

NOTE 12 - JOINT VENTURES

The County participates in the following joint ventures:

Wilkinson County is a participant with Amite County in a joint venture, authorized by a Section 31-13-15, Miss. Code Ann. (1972), to operate the Field Memorial Community Hospital. The joint venture was created to provide medical services for the residents of the local area and is governed by five board members. Wilkinson County appoints three board members, while Amite County appoints two members. The hospital is basically self-supporting. However, the counties have the power to approve or disapprove the hospital's budget and are authorized to levy taxes for the maintenance and operation of the hospital. Complete financial statements for the Field Memorial Community Hospital can be obtained from 270 West Main Street, Centreville, Mississippi 39631.

WILKINSON COUNTY, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 13 – JOINTLY GOVERNED ORGANIZATION

The County participates in the following jointly governed organizations:

Southwest Mississippi Planning and Development District (the District) operates in a district composed of the counties of Adams, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall, and Wilkinson. The Wilkinson County Board of Supervisors appoints four of the 40 members of the board of directors. The County contributes a small percentage of the District's total revenue. The County appropriated \$21,527 for its support of the District in fiscal year 2016.

Southwest Mississippi Mental Health Complex operates in a district composed of the counties of Adams, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall, and Wilkinson. The Wilkinson County Board of Supervisors appoints one of the 10 members of the board of commissioners. The county appropriated \$21,094 for its support in fiscal year 2016.

Southwest Mississippi Community College (the College) operates in a district composed of the counties of Pike, Walthall, and Wilkinson. The Wilkinson County Board of Supervisors appoints two of the 14 members of the College Board of Trustees. The County appropriated \$97,707 for the operation and maintenance of the College in fiscal year 2016.

Southwest Mississippi Partnership (the Entity) operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall, and Wilkinson. The Entity is governed by 10 members, appointed by each county's lead industrial foundation or Chamber of Commerce. If no industrial foundation or Chamber of Commerce is present, the member is appointed by the County's Board of Supervisors. The member counties provided only modest financial support for the Entity.

NOTE 14 – DEFINED BENEFIT PENSION PLAN

Plan Description – Wilkinson 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. Benefit provisions are established by state law 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, Mississippi 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

WILKINSON COUNTY, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 14 - DEFINED BENEFIT PENSION PLAN (continued)

Benefits Provided - Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment, and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3% of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3% compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions - At September 30, 2016, PERS members were required to contribute 9% of their annual covered salary, and the County was required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2016, was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2016, 2015, and 2014, were \$364,095, \$335,808, and \$329,333, respectively, equal to the required contributions for each year.

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

At September 30, 2016, the County reported a liability of \$6,430,499 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2016, the County's proportion was .036125%, which was an increase of .001428% from its proportion measured as of June 30, 2015.

WILKINSON COUNTY, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 14 - DEFINED BENEFIT PENSION PLAN (continued)

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

For the year ended June 30, 2016, the County recognized pension expense of \$974,818. At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 179,364	\$ -
Net difference between projected and actual earnings on pension plan investments	435,635	-
Changes of assumptions	303,147	17,088
County contributions subsequent to the measurement date	91,922	-
Total	<u>\$ 1,010,068</u>	<u>\$ 17,088</u>

\$91,922 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 215,249
2018	215,249
2019	215,249
2020	168,184
2021	87,127

Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	3.75 - 19.00%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, set forward one year for males.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2014. The experience report is dated May 4, 2015.

WILKINSON COUNTY, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 14 - DEFINED BENEFIT PENSION PLAN (continued)

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Broad	34%	5.20%
International equity	19%	5.00%
Emerging markets equity	8%	5.45%
Fixed income	20%	0.25%
Real assets	10%	4.00%
Private equity	8%	6.15%
Cash	1%	(.50%)
Total	100%	

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 8,245,341	\$ 6,430,499	\$ 4,924,768

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

WILKINSON COUNTY, MISSISSIPPI
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 15 - EFFECT OF DEFERRED AMOUNTS ON NET POSITION

The governmental activities' unrestricted net position amount of (\$5,695,489) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflow of resources related to pensions in the amount of \$91,922 resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. The \$918,146 balance of the deferred outflow of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next five years. The \$17,088 balance of the deferred inflow of resources related to pensions at September 30, 2016, will be recognized in pension expense over the next five years.

NOTE 16 - SUBSEQUENT EVENTS

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Wilkinson County, Mississippi evaluated the activity of the County through October 23, 2020, the date the financial statements were available to be issued, and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statements.

Community Disaster Loan

During fiscal year-end September 30, 2017, the Federal Emergency Management Agency forgave the County's outstanding Community Disaster Loan of \$1,120,000 and accrued interest of \$34,893. The County's balance as of September 30, 2017, was \$0. (See Note 9 - Long-Term Debt, and Note 11 - Contingencies.)

REQUIRED SUPPLEMENTARY INFORMATION

WILKINSON COUNTY, MISSISSIPPI

BUDGETARY COMPARISON SCHEDULE -
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 3,718,750	\$ 3,718,750	\$ 3,119,416	\$ (599,334)
Licenses, commissions, and other revenues	-	-	85,699	85,699
Fines and forfeitures	-	-	83,021	83,021
Intergovernmental revenues	-	-	567,593	567,593
Charges for services	-	-	25,817	25,817
Interest	-	-	9,195	9,195
Miscellaneous	-	-	40,949	40,949
Total revenues	<u>\$ 3,718,750</u>	<u>\$ 3,718,750</u>	<u>\$ 3,931,690</u>	<u>\$ 212,940</u>
EXPENDITURES				
Current:				
General government	\$ 2,608,837	\$ 2,608,837	\$ 2,156,757	\$ 452,080
Public safety	1,660,520	1,660,520	1,356,051	304,469
Public works	-	-	675	(675)
Health and welfare	195,143	195,143	146,148	48,995
Culture and recreation	141,796	141,796	102,412	39,384
Conservation of natural resources	108,290	108,290	34,405	73,885
Economic development and assistance	-	-	27,305	(27,305)
Debt service:				
Principal	-	-	785,070	(785,070)
Interest	-	-	7,823	(7,823)
Total expenditures	<u>\$ 4,714,586</u>	<u>\$ 4,714,586</u>	<u>\$ 4,616,646</u>	<u>\$ 97,940</u>
Excess of revenues over (under) expenditures	<u>\$ (995,836)</u>	<u>\$ (995,836)</u>	<u>\$ (684,956)</u>	<u>\$ 310,880</u>
Other financing sources (uses)				
Long-term capital debt issued	\$ -	\$ -	\$ 1,285,070	\$ 1,285,070
Operating transfers - out	-	-	(726,492)	(726,492)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 558,578</u>	<u>\$ 558,578</u>
Net change in fund balance	\$ (995,836)	\$ (995,836)	\$ (126,378)	\$ 869,458
Fund balance - beginning of year	<u>1,397,605</u>	<u>1,397,605</u>	<u>1,397,605</u>	<u>-</u>
Fund balance - end of year	<u>\$ 401,769</u>	<u>\$ 401,769</u>	<u>\$ 1,271,227</u>	<u>\$ 869,458</u>

The accompanying notes to the required supplementary information are an integral part of this schedule.

WILKINSON COUNTY, MISSISSIPPI

SCHEDULE OF WILKINSON COUNTY, MISSISSIPPI'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
PERS:			
Last 10 Fiscal Years*			
Wilkinson County, Mississippi's proportion of the net pension liability (asset)	0.036125%	0.034697%	0.033958%
Wilkinson County, Mississippi's proportionate share of the net pension liability (asset)	\$ 6,430,499	\$ 5,363,472	\$ 4,121,879
Wilkinson County, Mississippi's covered-employee payroll	\$ 2,311,713	\$ 2,132,114	\$ 2,091,003
Wilkinson County, Mississippi's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	278.17%	251.56%	197.12%
Plan fiduciary net position as a percentage of the total pension liability	57.47%	61.70%	67.21%

* The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the year prior to the fiscal year presented.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement 68 was implemented in FYE September 30, 2015, and, until a full 10-year trend is compiled, Wilkinson County, Mississippi has only presented information for the years which information is available.

The accompanying notes to the required supplementary information are an integral part of this schedule.

WILKINSON COUNTY, MISSISSIPPI
 SCHEDULE OF WILKINSON COUNTY, MISSISSIPPI'S CONTRIBUTIONS
 YEAR ENDED SEPTEMBER 30, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
PERS:			
Last 10 Fiscal Years*			
Contractually required contribution	\$ 364,095	\$ 335,808	\$ 329,333
Contribution in relation to the contractually required contribution	<u>(364,095)</u>	<u>(335,808)</u>	<u>(329,333)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Wilkinson County, Mississippi's covered-employee payroll	\$ 2,311,713	\$ 2,132,114	\$ 2,091,003
Contributions as a percentage of covered-employee payroll	15.75%	15.75%	15.75%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE September 30, 2015, and, until a full 10-year trend is compiled, Wilkinson County, Mississippi has only presented information for the years which information is available.

The accompanying notes to the required supplementary information are an integral part of this schedule.

WILKINSON COUNTY, MISSISSIPPI
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

Budgetary Comparison Schedule

A. Budgetary Information

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

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

B. Basis of Presentation

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

C. Budget/GAAP Reconciliation

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

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

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

Governmental Activities:

	<u>General Fund</u>
Budget (cash basis)	\$ (126,378)
Increase(decrease):	
Net adjustment for revenue accruals	<u>116,991</u>
GAAP basis	<u>\$ (9,387)</u>

WILKINSON COUNTY, MISSISSIPPI

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Pension Schedules*Changes of Assumptions*

- 2015
 - The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
 - The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
 - Withdrawal rates, pre-retirement mortality rates, disability rates, and service retirement rates were also adjusted to more closely reflect actual experience.
 - Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
 - The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.
- 2016
 - The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

Changes in Benefit Provisions

- 2016
 - Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of 1% and a maximum rate of 5%.

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (2016 employer contributions are developed from 2014 valuation). The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	29.2 years
Asset valuation method	5-year smoothed market
Price inflation	3.50%
Salary increase	4.25% to 19.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

OTHER INFORMATION

WILKINSON COUNTY, MISSISSIPPI
 SCHEDULE OF SURETY BONDS OF COUNTY OFFICIALS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

<u>Name</u>	<u>Position</u>	<u>Insurance Company</u>	<u>Bond</u>
Bruce Lewis	County Administrator	Western Surety	\$ 100,000
William Seal	Supervisor District One	Old Republic	\$ 100,000
Richard Hollins	Supervisor District Two	Western Surety	\$ 100,000
Venton McNabb	Supervisor District Three	Old Republic	\$ 100,000
Kenyon Jackson	Supervisor District Four	Western Surety	\$ 100,000
Jennings Nettles	Supervisor District Five	Old Republic	\$ 100,000
Thomas Tolliver	Chancery Clerk	Western Surety	\$ 100,000
Consandra Christmas	Purchase Clerk	Old Republic	\$ 10,000
Mona Whitaker	Solid Waste Clerk	Western Surety	\$ 30,000
Hazel Arbuthnot	Receiving Clerk	Western Surety	\$ 30,000
Thomas Tolliver	Inventory Control Clerk		No bond
Shirley Smith	Assistant Inventory Control Clerk		No bond
Johnny Clark	Constable	Western Surety	\$ 25,000
Willie Thompson	Constable	Western Surety	\$ 25,000
Jeanette Lynn Delaney	Circuit Clerk	Western Surety	\$ 100,000
Pawlaski Adams	Deputy Circuit Clerk	Western Surety	\$ 100,000
Tamiko Hamilton	Deputy Circuit Clerk	Western Surety	\$ 100,000
Reginald Jackson	Sheriff	Western Surety	\$ 100,000
Lee Dixon	Justice Court Judge	Western Surety	\$ 10,000
Earnest Smith	Justice Court Judge	Western Surety	\$ 10,000
Erica Johnson	Justice Court Clerk	Western Surety	\$ 50,000
Davasha Nelson	Deputy Justice Court Clerk	Western Surety	\$ 50,000
Jeremy Ephion	Tax Assessor-Collector	Western Surety	\$ 100,000
Domonique Anthony	Deputy Tax Collector		No bond
Kenodrio Brown	Deputy Tax Collector		No bond
Victoria Stevens	Deputy Tax Collector	Western Surety	\$ 60,000
Barbara Thomas	Deputy Tax Collector		No bond
Aleshia Palmer	Deputy Tax Collector	Western Surety	\$ 60,000

See Independent Auditor's Report.

SPECIAL REPORTS



209 N. Commerce Street
 P.O. Box 1027
 Natchez, Mississippi 39121-1027
 Telephone: 601.442.7411
 Fax: 601.442.8551
www.silassimmons.com

**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
 Wilkinson County, Mississippi

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Wilkinson County, Mississippi (the County), as of and for the year ended September 30, 2016, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 23, 2020. Our report includes a qualified opinion on the governmental activities and business-type activities because the County did not record depreciation expense on certain general infrastructure assets as required by accounting principles generally accepted in the United States of America. Except for the limitation related to the qualified opinion on the governmental activities, we conducted our audit in accordance with auditing standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States. Also, our report includes a qualified opinion on the general fund because the County did not maintain and preserve adequate subsidiary records documenting the valuation of Justice Court fines receivable or the Chancery Clerk's revenue and expenditures. 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.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses to be material weaknesses: 2016-2, 2016-3, 2016-4, 2016-5, and 2016-6.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wilkinson 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 matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as Item 2016-1.

We noted certain matters that we reported to the management of Wilkinson County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance and Review Management Report dated October 23, 2020, included within this document.

Wilkinson County, Mississippi's Response to Findings

Wilkinson County, Mississippi's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. Wilkinson 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 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 results 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.



Natchez, Mississippi
October 23, 2020



209 N. Commerce Street
 P.O. Box 1027
 Natchez, Mississippi 39121-1027
 Telephone: 601.442.7411
 Fax: 601.442.8551
 www.silassimmons.com

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

Members of the Board of Supervisors
 Wilkinson County, Mississippi

We have examined Wilkinson 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, 2016. The Board of Supervisors of the County is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as 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 Wilkinson 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 internal control system, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

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

1. Finding – Inventory Control Clerk

- The County did not add capital asset acquisitions to the County capital asset register for the year ended September 30, 2016. If these assets were properly recorded and depreciated, an adjustment to the assets, net position, and expenses of the governmental activity and the business-type activity may be necessary.
- The County has not recorded depreciation expense on certain general infrastructure assets in governmental activities. Accounting principles generally accepted in the United States of America require that those general infrastructure assets be capitalized and depreciated. If these assets were properly recorded and depreciated, an adjustment to the assets, net position, and expenses of the governmental activity may be necessary.

- As reported in prior years' audit reports, donated assets should be listed on the County's inventory at fair market value. In our review of the County's inventory, we noted several donated items listed with a value of \$1 and some assets do not have a date of acquisition or a cost assigned.
- As reported in the prior years' audit reports and per above-stated code section, the inventory clerk must make a physical inventory of assets of the County on or before October 1 of each year. During our review of fixed assets, a copy of the annual physical inventory was not provided or approved by the Board of Supervisors.

Recommendation

- The County should compute depreciation expenses, accumulated depreciation, and net value of all assets, including general infrastructure assets.
- The Board should set the value of donated items at the time they accept the donation and spread that value in the board minutes. The County may use whatever method it deems best to estimate the fair market value, such as consulting an appraiser or person knowledgeable in the area, using computer-generated data such as Blue Book or other accepted methods of establishing fair market value. We recommend that the County implement policies and procedures for inventory control that would include complete recording of all necessary fixed asset information, including the acquisition date and cost.
- We recommend that all items be marked with an asset number and that any errors in the asset listing be corrected and that all of the County's assets be accounted for on the fixed asset listing. By conducting an annual physical audit, many of these problems could be identified and corrected.

Inventory Control Clerk's Response

- We will follow the recommendations.

In our opinion, except for the noncompliance referred to in the preceding paragraphs, the County complied, in all material respects, with state laws governing central purchasing, inventory, and bid requirements for the year ended September 30, 2016.

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, 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.

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

This report is intended for use in evaluating the central purchasing system and inventory control system of Wilkinson 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.

Silas Simmons, LLP

Natchez, Mississippi
October 23, 2020

WILKINSON COUNTY, MISSISSIPPI
SCHEDULE OF PURCHASES NOT MADE FROM THE LOWEST BIDDER
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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

WILKINSON COUNTY, MISSISSIPPI
SCHEDULE OF EMERGENCY PURCHASES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Our test results did not identify any emergency purchases.

WILKINSON COUNTY, MISSISSIPPI

SCHEDULE OF PURCHASES MADE NONCOMPETITIVELY FROM A SOLE SOURCE

FOR THE YEAR ENDED SEPTEMBER 30, 2016

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



209 N. Commerce Street
 P.O. Box 1027
 Natchez, Mississippi 39121-1027
 Telephone: 601.442.7411
 Fax: 601.442.8551
www.silassimmons.com

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
 Wilkinson County, Mississippi

In planning and performing our audit of the financial statements of Wilkinson County, Mississippi (the County) for the year ended September 30, 2016, we considered the County'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 the County'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 October 23, 2020, on the financial statements of Wilkinson County, Mississippi.

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

The results of our review of procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings and recommendations and your responses are disclosed below.

1. Finding - Bank Reconciliations

Bank reconciliations are not performed in a timely manner.

Recommendation

We recommend the Board of Supervisors should take the necessary action to comply with laws regarding diversion of money and fund deficits.

Board of Supervisors' Response

We will follow the recommendation.

2. Finding – Board of Supervisors

As reported in the previous audit report, in all departments, the bank statements were not being reviewed and approved by someone other than the reconciler. In most cases, the bank statements were not reconciled in a timely manner. This is an indication of the lack of internal control.

Recommendation

The County should ensure that all bank statements are reconciled timely and reviewed and approved by someone other than the person reconciling the bank statement and someone who is in a managerial or supervisory position.

Board of Supervisors' Response

We will follow the recommendation.

3. Finding – Board of Supervisors

The Public Depositors Annual Report to the Office of the State Treasurer was not submitted timely for fiscal year ended September 30, 2016.

Recommendation

The County should ensure that the Public Depositors Annual Report is submitted within 30 days of fiscal year-end to the Office of the State Treasurer.

Board of Supervisors' Response

We will follow the recommendation.

4. Finding – Board of Supervisors

The Chancery Clerk's fee journal, bank statements, and bank reconciliations for the year ended September 30, 2016, were not available for review.

Recommendation

The County should ensure that all records are available for review.

Board of Supervisors' Response

We will follow the recommendation.

5. Finding – Board of Supervisors

During our examination of surety bonds, we noted there were several positions that were either not bonded or bond was insufficient as listed below:

Employees with insufficient bonds

<u>Position</u>	<u>Name</u>	<u>Amount</u>	<u>Code Section</u>
Constable	Carlos Lee	\$ 50,000 ¹	19-19-3
Constable	Willie Thompson	\$ 50,000 ¹	19-19-3
Justice Court Judge	Robert Ward	\$ 50,000 ²	9-11-7
Justice Court Judge	Eames Smith	\$ 50,000 ²	9-11-7
Purchasing Clerk	Cosandra Christmas	\$ 75,000 ²	31-7-124
Receiving Clerk	Hazel Arbuthnot	\$ 75,000 ³	31-7-124

¹ Bonded for \$25,000

² Bonded for \$10,000

³ Bonded for \$30,000

Recommendation

We recommend that the County purchase the required bond on each position as required by state laws. The failure to bond employees for the required amount would limit the amount available for recovery if a loss occurred.

Board of Supervisors' Response

We will follow the recommendation.

Wilkinson County, Mississippi'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.

Silas Simms, LLP

October 23, 2020

SCHEDULE OF FINDINGS AND RESPONSES

WILKINSON COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

SECTION 1: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | | |
|----|---|---------------|
| 1. | Type of auditor's report issued on the basic financial statements: | |
| | Governmental activities | Qualified |
| | Discretely presented component unit | Unmodified |
| | General fund | Qualified |
| | Business-type activities | Qualified |
| | Aggregate remaining fund information | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness(es) identified? | Yes |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. | Material noncompliance relating to the basic financial statements? | Yes |

Federal Awards:

Not applicable

SECTION 2: FINANCIAL STATEMENT FINDINGS

2016-1 State Laws Should Be Followed For Establishing Interfund Loans (Material Noncompliance)

As reported in prior years' audit reports, the County has, in the past, made interfund loans. These loans were made when the County experienced negative cash flows in various funds. However, after many years, these loans have not been repaid. As a result, the County has outstanding interfund loans which are many years old.

Recommendation

Failure of the Board of Supervisors to ensure repayment of these loans is an illegal diversion of legally-restricted funds. For any interfund loan made, the Board of Supervisors should approve and record in the Board minutes the reason for the loan, when the loan will be repaid, and the source of the funds for the repayment. The Board of Supervisors should ensure that these old loans are repaid by approving and recording in the Board minutes a repayment schedule and complying with the repayment schedule.

Board of Supervisors' Response

We will follow the recommendation.

WILKINSON COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

SECTION 2: FINANCIAL STATEMENT FINDINGS (continued)

2016-2 Controls Surrounding Recording And Reporting Of Financial Information Should Be Strengthened
(Material Weakness)

A critical aspect of effective financial management is the maintenance of accurate accounting records. Management does not have personnel that possess the necessary qualifications and training to prepare financial statements in accordance with generally accepted accounting principles. Therefore, since the County personnel lacked the skills and training to apply generally accepted accounting principles in recording the entity's financial transactions and adequate controls in place over the recording and reporting of financial records, the risk increases that inaccurate information may be reported and increases the possibility of the loss or misappropriation of public funds.

Recommendation

The Board of Supervisors should establish adequate controls and procedures to ensure the financial transactions are recorded, presented, and disclosed in accordance with generally accepted accounting principles. While it is the auditor's responsibility to perform the annual audit, management of the County is charged with the responsibility for preparing its financial statements in accordance with generally accepted accounting principles.

Board of Supervisors' Response

We will follow the recommendation.

2016-3 Controls Surrounding Cash Reconciliations Should Be Strengthened (Material Weakness)

An effective system of internal control should include an adequate segregation of duties and timely reconciliation of bank statements to the cash journals. As noted in audit procedures, bank statements were not reconciled monthly, there were inconsistencies in disbursement of checks from funds with no available resources, therefore causing many funds to be overdrawn in the general ledger. Transfers were not made to compensate for this practice.

Recommendation

The County should implement effective internal control policies that allow for monthly bank reconciliations and tie the reconciled balances to the cash journals. No warrants should be issued from any fund if resources are not available in that fund. We also recommend that the County establish policies and procedures to address the need for transfers between funds when resources are not available in any one fund, and that all transfers are approved by the Board as legally required.

Board of Supervisors' Response

We will follow the recommendations.

WILKINSON COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

SECTION 2: FINANCIAL STATEMENT FINDINGS (continued)

2016-4 Internal Controls Over Capital Assets (Material Weakness)

For fiscal year ended September 30, 2016, we noted that the County did not record assets acquired during the year to the capital asset register. Accounting principles generally accepted in the United States of America require that those purchases that qualify as capital assets be capitalized and depreciated over the asset's useful life. If these assets were properly recorded and depreciated, an adjustment to the assets, net position, and expenses of the governmental activity and the business-type activity may be necessary. Therefore, the Independent Auditor's Report includes a qualified opinion on the governmental activities and the business-type activities because we were not able to satisfy ourselves as to the fair presentation of capital assets.

Recommendation

The County should ensure that the capital assets register accurately reflect the capital assets of the County.

Board of Supervisors' Response

We will follow the recommendations.

2016-5 Controls Over Fines Receivable In The Justice Court Offices Should Be Strengthened (Material Weakness)

An effective system of internal control over Justice Court fines receivables should include maintaining and preserving adequate subsidiary records to substantiate the total fines receivables balance and should ensure that fines receivable are properly aged in order to estimate collectability of these fines receivable and includes only fines due to the County. Management was not able to provide subsidiary records documenting the existence and valuation of fines receivable for Justice Court fines and the aging of fines receivable at September 30, 2016. Failure to establish control procedures over aging of Justice Court fines receivable could result in erroneous amounts being reported in the financial statements. Therefore, the Independent Auditor's Report includes a qualified opinion on the General Fund because we were not able to satisfy ourselves as to the fair presentation of the Justice Court fines receivable.

Recommendation

The Justice Court Clerk should ensure that control procedures are in place to allow for the preparation and preservation of a detailed aged fines receivable schedule for fines receivable to properly report the fines receivable due to the County at net realizable value in the financial statements.

Board of Supervisors' Response

We will follow the recommendation.

WILKINSON COUNTY, MISSISSIPPI
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

SECTION 2: FINANCIAL STATEMENT FINDINGS (continued)

2016-6 Transfer Reconciliation (Material Weakness)

Proper recording and reconciliation of general ledger accounts is necessary for proper internal control. Transfers between funds are not being reconciled appropriately, resulting in a net transfer balance on the Statement of Activities.

Recommendation

We recommend that all transfers be reconciled to the general ledger on a regular basis and that any differences be investigated and solved at that time.

Board of Supervisors' Response

We will follow the recommendation.