



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.

Walthall County, Mississippi
Audited Financial Statements
And Special Reports
For the Year Ended
September 30, 2018

Fortenberry & Ballard, PC
Certified Public Accountants

Walthall County, Mississippi

TABLE OF CONTENTS

FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	5
FINANCIAL STATEMENTS	
Statement of Net Position	9
Statement of Activities.....	10
Balance Sheet - Governmental Funds	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Net Position - Proprietary Fund(s).....	15
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund(s)	16
Statement of Cash Flows - Proprietary Fund(s).....	17
Statement of Fiduciary Assets and Liabilities.....	18
Notes to Financial Statements	20
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis) – General Fund	44
Schedule of the County's Proportionate Share of the Net Pension Liability	45
Schedule of County Contributions	46
Notes to the Required Supplementary Information.....	47
OTHER INFORMATION	
Schedule of Surety Bonds for County Officials.....	51
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>	53
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)).....	55
Limited Internal Control and Compliance Review Management Report.....	61
SCHEDULE OF FINDINGS AND RESPONSES	67

This page is left blank intentionally.

FINANCIAL REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Walthall County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of Walthall County, Mississippi, (the County) as of and for the year ended September 30, 2018, 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 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.

1048 Gluckstadt Road, Suite B
Madison, Mississippi 39110
Telephone 601-992-5292 Fax 601-992-2033

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of Walthall County, Mississippi, as of September 30, 2018, 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 and corresponding notes, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of County Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2023 on our consideration of Walthall County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Walthall County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Walthall County, Mississippi's internal control over financial reporting and compliance.

FORTENBERRY & BALLARD, PC

Fortenberry and Ballard, PC
November 27, 2023

Certified Public Accountants

FINANCIAL STATEMENTS

WALTHALL COUNTY, MISSISSIPPI
Statement of Net Position
September 30, 2018

Exhibit 1

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash	\$ 11,304,118	133,346	11,437,464
Cash with fiscal agent	190,000		190,000
Property tax receivable	5,641,631		5,641,631
Accounts receivable (net of allowance for uncollectibles of \$999,237)		233,223	233,223
Fines receivable (net of allowance for uncollectibles of \$4,029,202)	721,035		721,035
Loans receivable	1,423,127		1,423,127
Intergovernmental receivables	93,045		93,045
Other receivables	6,859		6,859
Internal balances	42,003	(42,003)	0
Capital assets:			
Land and construction in progress	655,833	77,412	733,245
Other capital assets, net	14,124,917	400,195	14,525,112
Total Assets	<u>34,202,568</u>	<u>802,173</u>	<u>35,004,741</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	420,748	47,625	468,373
Total deferred outflows of resources	<u>420,748</u>	<u>47,625</u>	<u>468,373</u>
LIABILITIES			
Claims payable	437,552	22,535	460,087
Retainage payable	8,834		8,834
Intergovernmental payables	263,951		263,951
Accrued interest payable	30,938	201	31,139
Unearned revenue		49,170	49,170
Amounts held in custody for others	56,010		56,010
Long-term liabilities			
Net pension liability	5,892,299	609,862	6,502,161
Due within one year:			
Capital debt	273,550	24,200	297,750
Non-capital debt	125,000		125,000
Due in more than one year:			
Capital debt	3,010,031		3,010,031
Non-capital debt	77,798	6,332	84,130
Total Liabilities	<u>10,175,963</u>	<u>712,300</u>	<u>10,888,263</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	5,641,631		5,641,631
Deferred inflows related to pensions	189,091	19,545	208,636
Total deferred inflows of resources	<u>5,830,722</u>	<u>19,545</u>	<u>5,850,267</u>
NET POSITION			
Net investment in capital assets	11,497,169	453,407	11,950,576
Restricted:			
Expendable:			
General government	49,467		49,467
Public safety	417,551		417,551
Public works	1,712,617		1,712,617
Health and welfare	107,225		107,225
Culture and recreation	75,803		75,803
Economic development	17,824		17,824
Debt service	573,806		573,806
Unemployment compensation	7,677		7,677
Unrestricted	4,157,492	(335,454)	3,822,038
Total Net Position	<u>\$ 18,616,631</u>	<u>\$ 117,953</u>	<u>\$ 18,734,584</u>

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

WALTHALL COUNTY, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2018

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,365,609	305,006	160,079		(1,900,524)		(1,900,524)
Public safety	1,959,895	229,735	184,386		(1,545,774)		(1,545,774)
Public works	2,481,602		611,504	494,765	(1,375,333)		(1,375,333)
Health and welfare	194,340		29,685		(164,655)		(164,655)
Culture and recreation	25,317	3,446			(21,871)		(21,871)
Education	98,176				(98,176)		(98,176)
Conservation of natural resources	66,217				(66,217)		(66,217)
Economic development and assistance	192,888				(192,888)		(192,888)
Interest on long-term debt	80,712				(80,712)		(80,712)
Pension expense	826,976				(826,976)		(826,976)
Total Governmental Activities	<u>8,291,732</u>	<u>538,187</u>	<u>985,654</u>	<u>494,765</u>	<u>(6,273,126)</u>		<u>(6,273,126)</u>
Business-type activities:							
Solid waste	856,152	686,397	13,059			(156,696)	(156,696)
Total Business-type Activities	<u>856,152</u>	<u>686,397</u>	<u>13,059</u>	<u>0</u>	<u>0</u>	<u>(156,696)</u>	<u>(156,696)</u>
Total Primary Government	\$ <u>9,147,884</u>	<u>1,224,584</u>	<u>998,713</u>	<u>494,765</u>	<u>(6,273,126)</u>	<u>(156,696)</u>	<u>(6,429,822)</u>
General revenues:							
Property taxes					\$ 5,700,367		5,700,367
Road & bridge privilege taxes					187,238		187,238
Grants and contributions not restricted to specific programs					239,217		239,217
Unrestricted interest income					163,951	1,774	165,725
Loss on disposal of assets						(19,168)	(19,168)
General Revenues - Donations					1,330,000		1,330,000
Miscellaneous					139,392	4,037	143,429
Total General Revenues					<u>7,760,165</u>	<u>(13,357)</u>	<u>7,746,808</u>
Changes in Net Position					1,487,039	(170,053)	1,316,986
Net Position - Beginning, as previously reported					16,164,592	288,006	16,452,598
Prior Period Adjustment					965,000		965,000
Net Position - Beginning, as restated					<u>17,129,592</u>	<u>288,006</u>	<u>17,417,598</u>
Net Position - Ending					\$ <u>18,616,631</u>	\$ <u>117,953</u>	\$ <u>18,734,584</u>

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

WALTHALL COUNTY, MISSISSIPPI
Balance Sheet - Governmental Funds
September 30, 2018

Exhibit 3

	Major Fund	Other Governmental Funds	Total Governmental Funds
	General Fund		
ASSETS			
Cash	\$ 8,213,511	3,090,607	11,304,118
Cash with fiscal agent	190,000		190,000
Property tax receivable	4,195,632	1,445,999	5,641,631
Fines receivable (net of allowance for uncollectibles of \$4,029,202)	721,035		721,035
Loans receivable - current	97,398		97,398
Intergovernmental receivables	88,009	5,036	93,045
Other receivables	6,859		6,859
Due from other funds	11,693	39,042	50,735
Advances to other funds	30,310		30,310
Loans receivable - Long-term	1,325,729		1,325,729
Total Assets	\$ 14,880,176	4,580,684	19,460,860
LIABILITIES			
Liabilities:			
Claims payable	\$ 306,896	130,657	437,553
Retainage payable		8,834	8,834
Intergovernmental payables	255,365		255,365
Due to other funds	47,627		47,627
Amounts held in custody for others	56,010		56,010
Total Liabilities	665,898	139,491	805,389
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 4,195,632	1,445,999	5,641,631
Unavailable revenue - fines	721,035		721,035
Total Deferred Inflows of Resources	4,916,667	1,445,999	6,362,666
FUND BALANCE			
Nonspendable:			
Advances	30,310		30,310
Loans receivable	1,325,729		1,325,729
Restricted for:			
General government		49,467	49,467
Public safety		417,551	417,551
Public works		1,712,617	1,712,617
Health and welfare		107,225	107,225
Culture and recreation		75,803	75,803
Economic development and assistance		17,824	17,824
Debt service		604,744	604,744
Unemployment compensation		7,677	7,677
Assigned to:			
Culture and recreation	1,761		1,761
Economic development and assistance	1,875,594	2,286	1,877,880
Unassigned	6,064,217		6,064,217
Total Fund Balances	9,297,611	2,995,194	12,292,805
Total Liabilities, Deferred Inflows and Fund Balances	\$ 14,880,176	4,580,684	19,460,860

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

WALTHALL COUNTY, MISSISSIPPIExhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2018

Total fund balance of governmental funds	\$	12,292,805
------------------------------------------	----	------------

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$15,739,053.	14,780,750
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------

Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.	721,035
-----------------------------------------------------------------------------------------------------------------------------------	---------

Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(3,486,379)
-----------------------------------------------------------------------------------------------------------------------	-------------

Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(5,892,299)
-------------------------------------------------------------------------------------------------------------------------	-------------

Accrued interest payable is not due and payable in the current period and, therefore, are not reported in the funds.	(30,938)
-------------------------------------------------------------------------------------------------------------------------	----------

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	420,748
Deferred inflows of resources related to pensions	<u>(189,091)</u>

Net position of governmental activities	\$	<u><u>18,616,631</u></u>
-----------------------------------------	----	--------------------------

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

WALTHALL COUNTY, MISSISSIPPIExhibit 4Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2018

	<u>Major Fund</u>		
	General	Other	Total
	Fund	Governmental	Governmental
	Fund	Funds	Funds
REVENUES			
Property taxes	\$ 4,208,285	1,492,082	5,700,367
Road and bridge privilege taxes		187,238	187,238
Licenses, commissions and other revenue	201,258	3,447	204,705
Fines and forfeitures	112,438	2,168	114,606
Intergovernmental revenues	411,273	1,308,363	1,719,636
Charges for services	65,273	140,751	206,024
Interest income	132,710	31,241	163,951
Miscellaneous revenues	113,742	30,978	144,720
Total Revenues	<u>5,244,979</u>	<u>3,196,268</u>	<u>8,441,247</u>
EXPENDITURES			
Current:			
General government	2,508,852	4,983	2,513,835
Public safety	1,642,758	599,414	2,242,172
Public works	25,996	2,650,157	2,676,153
Health and welfare	172,069		172,069
Culture and recreation	6,463		6,463
Education	98,176		98,176
Conservation of natural resources	70,527		70,527
Economic development and assistance	65,044	45,727	110,771
Debt service:			
Principal	155,000	229,869	384,869
Interest	67,050	17,735	84,785
Total Expenditures	<u>4,811,935</u>	<u>3,547,885</u>	<u>8,359,820</u>
Excess of Revenues over (under) Expenditures	<u>433,044</u>	<u>(351,617)</u>	<u>81,427</u>
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued		176,000	176,000
Compensation/damages to assets	1,901		1,901
Transfers in	908	328,618	329,526
Transfers out	(135,972)	(193,554)	(329,526)
Total Other Financing Sources and Uses	<u>(133,163)</u>	<u>311,064</u>	<u>177,901</u>
Net Changes in Fund Balances	299,881	(40,553)	259,328
Fund Balances - Beginning	<u>8,997,730</u>	<u>3,035,747</u>	<u>12,033,477</u>
Fund Balances - Ending	<u>\$ 9,297,611</u>	<u>2,995,194</u>	<u>12,292,805</u>

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

WALTHALL COUNTY, MISSISSIPPIExhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2018

Net Changes in Fund Balances - Governmental Funds \$ 259,328

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental Funds report capital outlays as expenditures. However, in the
Statement of Activities, the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense. Thus, the change in net position
differs from the change in fund balances by the amount that depreciation of
\$605,371 did not exceed capital outlay of \$2,080,808 in the current period. 1,475,437

In the Statement of Activities, only gains and losses from the sale of capital assets
are reported, whereas in the Governmental Funds, proceeds from the sale of
capital assets increase financial resources. Thus, the change in net position differs
from the change in fund balances by the amount of the net loss of \$5,328
in the current period and compensation for loss of assets of \$1,901. (7,229)

Fine revenue recognized on the modified accrual basis in the funds during the
current year is reduced because prior year recognition would have been required
on the Statement of Activities using the full-accrual basis of accounting. 12,852

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 \$384,869 exceed debt proceeds of \$176,000. 208,869

Under the modified accrual basis of accounting used in the Governmental Funds,
expenditures are not recognized for transactions that are not normally paid with
expendable available financial resources. However, in the Statement of Activities,
which is presented on the accrual basis, expenses and liabilities are reported
regardless of when financial resources are available. In addition, interest on
long-term debt is recognized under the modified accrual basis of accounting when
due, rather than as it accrues. Thus, the change in net position differs from the change
in fund balances by a combination of the following items:

The amount of increase in compensated absences liability	(3,384)
The amount of decrease in accrued interest payable	3,143
Premium on refunding bonds	929

Some items reported in the Statement of Activities relating to the implementation of GASB 68
are not reported in the governmental funds. These activities include:

Recording of pension expense for the current period	(826,976)
Recording of contributions made during the year	364,070

Change in Net Position of Governmental Activities \$ 1,487,039

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

WALTHALL COUNTY, MISSISSIPPI
Statement of Net Position - Proprietary Fund
September 30, 2018

Exhibit 5

	Business-type Activities
	<u>Solid Waste Fund</u>
ASSETS	
Current Assets:	
Cash	\$ 133,346
Accounts receivable (net of allowance for uncollectibles of \$999,237)	<u>233,223</u>
Total Current Assets	<u>366,569</u>
Noncurrent Assets:	
Capital assets:	
Land and construction in progress	77,412
Other capital assets, net	<u>400,195</u>
Total Noncurrent Assets	<u>477,607</u>
Total Assets	<u>844,176</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	<u>47,625</u>
Total deferred outflows of resources	<u>47,625</u>
LIABILITIES	
Current Liabilities:	
Claims payable	22,535
Due to other funds	11,693
Advances from other funds	30,310
Accrued interest payable	201
Unearned revenue	49,170
Capital debt:	
Other long-term liabilities	<u>24,200</u>
Total Current Liabilities	<u>138,109</u>
Noncurrent Liabilities:	
Net pension liability	609,862
Non-capital debt:	
Compensated absences payable	<u>6,332</u>
Total Noncurrent Liabilities	<u>616,194</u>
Total Liabilities	<u>754,303</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>19,545</u>
Total deferred inflows of resources	<u>19,545</u>
NET POSITION	
Net investment in capital assets	453,407
Unrestricted:	<u>(335,454)</u>
Total Net Position	<u>\$ 117,953</u>

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

WALTHALL COUNTY, MISSISSIPPIExhibit 6

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2018

	Business-type Activities
	<u>Solid Waste Fund</u>
Operating Revenues	
Charges for service	\$ 686,397
Miscellaneous	4,037
Total Operating Revenues	<u>690,434</u>
Operating Expenses	
Personal services	408,519
Pension expense	74,971
Contractual services	222,037
Materials and supplies	73,982
Depreciation expense	63,948
Indirect administrative cost	11,693
Total Operating Expenses	<u>855,150</u>
Operating Income (Loss)	<u>(164,716)</u>
Nonoperating Revenues (Expenses)	
Interest income	1,774
Intergovernmental grants	13,059
Gain (Loss) on sale of capital assets	(19,168)
Interest expense	(1,002)
Net Nonoperating Revenue (Expenses)	<u>(5,337)</u>
Changes in Net Position	(170,053)
Net Position - Beginning	<u>288,006</u>
Net Position - Ending	<u><u>\$ 117,953</u></u>

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

WALTHALL COUNTY, MISSISSIPPI
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2018

Exhibit 7

	Business-type Activities
	<u>Solid Waste Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 699,988
Payments to suppliers	(299,508)
Payments to employees	(440,388)
Other operating cash receipts	4,037
Net Cash Provided (Used) by Operating Activities	<u>(35,871)</u>
Cash Flows From Noncapital Financing Activities	
Intergovernmental grants received	13,059
Net Cash Provided (Used) by Noncapital Financing Activities	<u>13,059</u>
Cash Flows From Capital and related Financing Activities	
Proceeds of long-term debt	
Proceeds from sale of capital assets	67,363
Acquisition of capital assets	(122,582)
Principal paid on long-term debt	(24,200)
Interest paid on debt	(1,203)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(80,622)</u>
Cash Flows From Investing Activities	
Interest on deposits	2,191
Net Cash Provided (Used) by Investing Activities	<u>2,191</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(101,243)
Cash and Cash Equivalents at Beginning of Year	<u>234,589</u>
Cash and Cash Equivalents at End of Year	<u>\$ 133,346</u>
Reconciliation of Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities:	
Operating income (loss)	\$ <u>(164,716)</u>
Adjustments to reconcile operating income to net cash	
provided (used) by operating activities:	
Depreciation expense	63,948
Provision for uncollectible accounts	45,972
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(43,333)
Increase (decrease) in claims payable	(3,352)
Increase (decrease) in compensated absences liability	1,000
Increase (decrease) in unearned revenue	10,952
Increase (decrease) in interfund payables	11,693
Increase (decrease) in pension liability and deferred outflows/inflows (net)	41,965
Total Adjustments	<u>128,845</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (35,871)</u>

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

WALTHALL COUNTY, MISSISSIPPI
Statement of Fiduciary Assets and Liabilities
September 30, 2018

Exhibit 8

		Agency Funds
ASSETS		
Cash	\$	212,552
Due from other funds		8,585
Total Assets	\$	<u>221,137</u>
LIABILITIES		
Amounts held in custody for others	\$	162,582
Intergovernmental payables		58,555
Total Liabilities	\$	<u>221,137</u>

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

Walthall County, Mississippi

Notes to the Financial Statements
For the Year Ended September 30, 2018

WALTHALL COUNTY, MISSISSIPPI

Notes to Financial Statements

For the Year Ended September 30, 2018

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Walthall County, Mississippi (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Walthall County to present these financial statements on the primary government which have significant operational or financial relationships with the County. There are no outside organizations that should be included as component units of the County's reporting entity.

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

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

B. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position 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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

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

WALTHALL COUNTY, MISSISSIPPI

Notes to Financial Statements

For the Year Ended September 30, 2018

revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

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

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

Governmental 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 Fund:

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

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

WALTHALL COUNTY, MISSISSIPPI

Notes to Financial Statements

For the Year Ended September 30, 2018

waste within the County.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPE

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

D. Account Classifications.

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

E. Deposits and Investments.

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

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

WALTHALL COUNTY, MISSISSIPPI

Notes to Financial Statements

For the Year Ended September 30, 2018

F. Receivables.

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

G. Interfund Transactions and Balances.

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

H. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. 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 costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Walthall County meets this criterion and has so elected. Therefore, the major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because noncapitalization of interest does not have a material effect on the County's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital

WALTHALL COUNTY, MISSISSIPPI

Notes to Financial Statements

For the Year Ended September 30, 2018

asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and Proprietary Funds. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

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

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

I. Deferred revenue - property taxes/unavailable revenue:

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 9 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 revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed nonexchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

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

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 9 for additional details.

WALTHALL COUNTY, MISSISSIPPI

Notes to Financial Statements

For the Year Ended September 30, 2018

J. Pensions.

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

K. Long-term Liabilities.

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

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Funds Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

L. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

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

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

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

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (committed,

WALTHALL COUNTY, MISSISSIPPI

Notes to Financial Statements

For the Year Ended September 30, 2018

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

Nonspendable fund balance includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

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

Assigned fund balance includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Board of Supervisors pursuant to authorization established by Section 19-3-59, Miss. Code Ann. (1972).

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 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.

M. Property Tax Revenues:

WALTHALL COUNTY, MISSISSIPPI

Notes to Financial Statements

For the Year Ended September 30, 2018

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.

N. Intergovernmental Revenues in Governmental Funds.

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

O. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements and Proprietary Funds financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

P. Changes in Accounting Standards.

The County implemented the following standards issued by the Governmental Accounting Standards Board (GASB) in the current fiscal year as required: GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The provisions of this standard have been incorporated into the financial statements and notes.

WALTHALL COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2018

- (2) Prior Period Adjustment.

Exhibit 2 - Statement of Activities - Governmental Activities

Explanation	Amount
To correct prior year error in capital assets, net	\$ <u>965,000</u>
Total prior period governmental activities adjustments	\$ <u><u>965,000</u></u>

- (3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2018, was \$11,650,018, and the bank balance was \$11,859,862. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

- (4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2018:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste Fund	\$ 11,693
Other Governmental Funds	General Fund	39,042
Agency Funds	General Fund	<u>8,585</u>
Total		\$ <u><u>59,320</u></u>

WALTHALL COUNTY, MISSISSIPPI

Notes to Financial Statements

For the Year Ended September 30, 2018

The receivables represent the tax revenue collected in September 2018, but not settled until October 2018 and indirect administrative services provided by the County to the solid waste operations. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste Fund	30,310
		<u>30,310</u>

The advances represent interfund loans relating to indirect costs associated with solid waste operations and an error in posting a tax settlement. The advances are not expected to be repaid within one year from the date of the financial statements.

C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 908
Other Governmental Funds	General Fund	135,972
Other Governmental Funds	Other Governmental Funds	<u>192,646</u>
Total		<u>\$ 329,526</u>

The principal purpose of interfund transfers was to provide funds for to cover expenses until state grant funds were received or to provide funds to pay for capital outlay. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2018, consisted of the following:

<u>Description</u>	<u>Amount</u>
Legislative tax credit	\$ 78,324
Youth court grant	1,345
FEMA grant	2,309
Seatbelt grant	249
Alcohol grant	2,501
Airport Grant	2,286
JAG grant	<u>6,031</u>
Total	<u>\$ 93,045</u>

WALTHALL COUNTY, MISSISSIPPI

Notes to Financial Statements
For the Year Ended September 30, 2018

(6) Loans Receivable.

On December 15, 2008, Walthall County entered into a loan agreement in accordance with Section 199-7-3, Mississippi Code of 1972, Annotated, and the other applicable statutory and case law of Mississippi, with 108 Tylertown Bldg., LLC, for the purchase of an industrial site owned by the County.

On August 8, 2014, Walthall County entered into a loan agreement in accordance with Section 19-7-3, Mississippi Code of 1972, Annotated, and the other applicable statutory and case law of Mississippi, with 85 Tylertown Bldg., LLC, for the purchase of an industrial site owned by the County.

Loans receivable balances at September 30, 2018, are as follows:

<u>Description</u>	<u>Date of Inception</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Receivable Balance</u>
108 Tylertown Bldg., LLC (Kalencom)	12/15/2008	3.00%	12/31/2028	\$ 762,605
85 Tylertown Bldg., LLC (Kalencom)	08/01/2014	3.00%	08/01/2034	<u>660,522</u>
Total				\$ <u><u>1,423,127</u></u>

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2018:

WALTHALL COUNTY, MISSISSIPPI

Notes to Financial Statements For the Year Ended September 30, 2018

Governmental Activities:

	Balance Oct. 1, 2017	Additions	Deletions	Adjustments	Balance Sept. 30, 2018
Non-depreciable capital assets:					
Land	\$ 197,964	20,000			217,964
Construction in progress	253,706	430,012	-	(245,849)	437,869
Total non-depreciable capital assets	<u>451,670</u>	<u>450,012</u>	<u>-</u>	<u>(245,849)</u>	<u>655,833</u>
Depreciable capital assets:					
Infrastructure	5,995,478	50		1,245,849	7,241,377
Buildings	10,133,097	1,310,000			11,443,097
Improvements other than buildings	404,893				404,893
Mobile equipment	5,650,464	307,101	72,290		5,885,275
Furniture and equipment	4,485,680	13,645			4,499,325
Leased property under capital leases	390,003				390,003
Total depreciable capital assets	<u>27,059,615</u>	<u>1,630,796</u>	<u>72,290</u>	<u>1,245,849</u>	<u>29,863,970</u>
Less accumulated depreciation for:					
Infrastructure	1,015,152	169,617		35,000	1,219,769
Buildings	5,030,180	175,524			5,205,704
Improvements other than buildings	186,465	16,202			202,667
Mobile equipment	4,513,710	173,891	65,061		4,622,540
Furniture and equipment	4,347,934	28,385			4,376,319
Leased property under capital leases	70,302	41,752			112,054
Total accumulated depreciation	<u>15,163,743</u>	<u>605,371</u>	<u>65,061</u>	<u>35,000</u>	<u>15,739,053</u>
Total depreciable capital assets, net	<u>11,895,872</u>	<u>1,025,425</u>	<u>7,229</u>	<u>1,210,849</u>	<u>14,124,917</u>
Governmental activities capital assets, net	<u>\$ 12,347,542</u>	<u>1,475,437</u>	<u>7,229</u>	<u>965,000</u>	<u>14,780,750</u>

Business-type Activities:

	Balance Oct. 1, 2017	Additions	Deletions	Adjustments	Balance Sept. 30, 2018
Non-depreciable capital assets:					
Land	\$ 77,412				77,412
Total non-depreciable capital assets	<u>77,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,412</u>
Depreciable capital assets:					
Buildings	\$ 60,255				60,255
Mobile equipment	661,424	122,582	208,565		575,441
Total depreciable capital assets	<u>721,679</u>	<u>122,582</u>	<u>208,565</u>	<u>-</u>	<u>635,696</u>
Less accumulated depreciation for:					
Buildings	\$ 4,824	1,206			6,030
Mobile equipment	288,763	62,742	122,034		229,471
Total accumulated depreciation	<u>293,587</u>	<u>63,948</u>	<u>122,034</u>	<u>-</u>	<u>235,501</u>
Total depreciable capital assets, net	<u>428,092</u>	<u>58,634</u>	<u>86,531</u>	<u>-</u>	<u>400,195</u>
Business-type activities capital assets, net	<u>\$ 505,504</u>	<u>58,634</u>	<u>86,531</u>	<u>-</u>	<u>477,607</u>

WALTHALL COUNTY, MISSISSIPPI

Notes to Financial Statements

For the Year Ended September 30, 2018

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 5,086
Public safety	129,584
Public works	317,442
Health and welfare	52,148
Culture and recreation	18,854
Economic development and assistance	<u>82,257</u>
Total depreciation expense - governmental activities	<u>\$ 605,371</u>
Business-type Activities:	
Solid waste	<u>\$ 63,948</u>

Commitments with respect to unfinished capital projects at September 30, 2018, consisted of the following:

<u>Description of Project</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Airport Road bridge replacement	Undetermined	Undetermined
LSBP 74 20	Undetermined	Undetermined

(8) 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, 2018, to January 1, 2019. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

WALTHALL COUNTY, MISSISSIPPI

Notes to Financial Statements For the Year Ended September 30, 2018

(9) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2018:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 390,003
Less: Accumulated depreciation	<u>(112,054)</u>
Lease Property Under Capital Leases	<u>\$ 277,949</u>

The following is a schedule by years of the total payments due as of September 30, 2018:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	70,743	6,361
2020	41,390	4,243
2021	150,829	2,733
2022	<u>13,800</u>	<u>370</u>
Total	<u>\$ 276,762</u>	<u>13,707</u>

(10) Defined Benefit Pension Plan.

General Information about the Pension Plan

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

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify

WALTHALL COUNTY, MISSISSIPPI

Notes to Financial Statements

For the Year Ended September 30, 2018

upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2018, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2018 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, 2018, 2017 and 2016 were \$397,078, \$380,664 and \$357,136, 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, 2018, the County reported a liability of \$6,502,162 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The County's proportionate share used to calculate the September 30, 2018 net pension liability was 0.039092 percent, which was based on a measurement date of June 30, 2018. This was an increase of 0.000578 percent from its proportionate share used to calculate the September 30, 2017 net pension liability, which was based on a measurement date of June 30, 2017.

For the year ended September 30, 2018, the County recognized pension expense of \$901,947. At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

WALTHALL COUNTY, MISSISSIPPI

Notes to Financial Statements

For the Year Ended September 30, 2018

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 25,873	\$
Net difference between projected and actual earnings on pension plan investments		162,155
Change in assumption	3,780	3,167
Changes in proportion and differences between the County's contributions and proportionate share of contributions	344,773	43,314
County contributions subsequent to the measurement date	<u>93,947</u>	
	<u>\$ 468,373</u>	<u>\$ 208,636</u>

\$93,947 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2019	\$ 239,828
2020	85,127
2021	(129,927)
2022	<u>(29,241)</u>
Total	<u>\$ 165,787</u>

Actuarial Assumptions. The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.00 percent
Salary increases	3.25 – 18.50 percent, including inflation
Investment rate of return	7.75 percent, 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 2022, with males' rates set forward one year.

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

WALTHALL COUNTY, MISSISSIPPI

Notes to Financial Statements

For the Year Ended September 30, 2018

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, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Broad	27.00%	4.60%
International Equity	18.00%	4.50%
Emerging Markets Equity	4.00%	4.75%
Global	12.00%	4.75%
Fixed Income	18.00%	0.75%
Real Estate	10.00%	3.50%
Private Equity	8.00%	5.10%
Emerging Debt	2.00%	2.25%
Cash	1.00%	0.00%
Total	100.00%	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current 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 members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability \$	8,561,480	6,502,162	4,790,595

WALTHALL COUNTY, MISSISSIPPI

Notes to Financial Statements

For the Year Ended September 30, 2018

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

(11) Long-term Debt.

Debt outstanding as of September 30, 2018, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
General Obligation Refunding Bonds, Series 2016	\$ 2,770,000	2.00 - 2.50%	10/2032
Total General Obligation Bonds	\$ 2,770,000		
B. Capital Leases			
(16) APX 7000 Radios	\$ 29,689	3.78%	04/2019
Caterpillar 120M Motor Grader	162,773	1.90%	06/2021
2018 Freightliner	55,200	2.68%	06/2022
Emulsion Storage Tank	29,100	2.75%	60/2021
Total Capital Leases	\$ 276,762		
C. Other Loans:			
Fire truck	\$ 45,750	2.00%	02/2023
2018 Pumper Truck	149,260	3.00%	03/2028
2015 Freightliner Truck	13,800	2.32%	06/2019
2018 Dodge	15,000	3.15%	06/2021
Road construction	125,000	1.99%	06/2019
Total Other Loans	\$ 348,810		
Business-type Activities:			
A. Other Loans:			
2015 Freightliner truck	\$ 24,200	2.485%	06/2019

WALTHALL COUNTY, MISSISSIPPI

Notes to Financial Statements

For the Year Ended September 30, 2018

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

Governmental Activities:

Year Ending September 30	General Obligation Bonds	
	Principal	Interest
2019	\$ 160,000	56,800
2020	165,000	53,500
2021	165,000	50,200
2022	170,000	46,800
2023	175,000	43,300
2024-2028	915,000	162,063
2029-2033	1,020,000	51,750
Total	\$ 2,770,000	464,413

Year Ending September 30	Other Loans	
	Principal	Interest
2019	\$ 167,807	3,641
2020	29,631	616
2021	30,274	406
2022	25,934	191
2023	19,161	14
2024-2028	76,003	
Total	\$ 348,810	4,868

Business-type Activities:

Year Ending September 30	Other Loans	
	Principal	Interest
2019	\$ 24,200	601
Total	\$ 24,200	601

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, 2018, the amount of outstanding debt was equal to 3.2023% of the latest property assessments.

WALTHALL COUNTY, MISSISSIPPI

Notes to Financial Statements

For the Year Ended September 30, 2018

Advance Refunding – On October 13, 2016, the County issued \$2,925,000 in general obligation refunding bonds with an average interest rate of 2.14% to advance refund \$2,635,000 of the following outstanding bond issue:

<u>Issue</u>	<u>Average Interest Rate</u>	<u>Outstanding Amount Refunded</u>
Walthall County Certificates of Participation, Jail Project	3.82%	\$ 2,635,000

The net proceeds of \$2,939,867 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, \$2,635,000 of outstanding bonds are considered to be defeased, and the liability for those bonds has been removed from the Statement of Net Position.

The County advance refunded the above bonds to reduce its total debt service payments over the next 16 years by almost \$185,191 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$156,710.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2018:

	<u>Balance Oct. 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Sept. 30, 2018</u>	<u>Amount due within one year</u>
Governmental Activities:					
Compensated absences	\$ 74,414	3,384		77,798	
General obligation bonds	2,925,000		155,000	2,770,000	160,000
Add: Premiums	13,938		929	13,009	
Capital leases	346,075		69,313	276,762	70,743
Other loans	<u>333,366</u>	<u>176,000</u>	<u>160,556</u>	<u>348,810</u>	<u>167,807</u>
Total	\$ <u>3,692,793</u>	<u>179,384</u>	<u>385,798</u>	<u>3,486,379</u>	<u>398,550</u>
Business-type Activities:					
Compensated absences	\$ 5,332	1,000		6,332	
Other loans	<u>48,400</u>		<u>24,200</u>	<u>24,200</u>	<u>24,200</u>
Total	\$ <u>53,732</u>	<u>1,000</u>	<u>24,200</u>	<u>30,532</u>	<u>24,200</u>

Compensated absences will be paid from the fund from which the employees' salaries were paid, which are generally the General Fund, the E-911 Fund, the Countywide Road Maintenance Fund and the Solid Waste Fund.

WALTHALL COUNTY, MISSISSIPPI

Notes to Financial Statements For the Year Ended September 30, 2018

(12) 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.

(13) Effect of Deferred Amounts on Net Position

The governmental activities' unrestricted net position amount of \$4,157,492 includes the effect of deferred inflows and deferred outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$86,138 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, 2018. The \$334,610 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next 4 years. The \$189,091 balance of the deferred inflow of resources related to pension at September 30, 2018, will be recognized in pension expense over the next 3 years.

The business-type activities' unrestricted net position amount of \$(335,454) includes the effect of deferred inflows and deferred outflows of resources related to pensions. A portion of the deferred outflow of resources related to pension in the amount of \$7,809 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, 2018. The \$39,816 balance of the deferred outflow of resources related to pensions at September 30, 2018, will be recognized in pension expense over the next 4 years. The \$19,545 balance of the deferred inflow of resources related to pension at September 30, 2018, will be recognized in pension expense over the next 3 years.

(14) Joint Ventures.

The County participates in the following joint ventures:

Walthall County is a participant with the counties of Amite and Pike in a joint venture, authorized by Section 39-3-11, Miss Code Ann. (1972), to operate the Pike-Amite-Walthall Regional Library System. The joint venture was created to provide library service for the three counties and is governed by a five-member board. The counties of Amite and Pike appoint two board members each and Walthall County appoints one board member. By contractual agreement, the County's appropriation to the joint venture was \$115,244 in fiscal year 2018. Complete financial statements for the Pike-Amite-Walthall Regional Library System can be obtained from 1022 Virginia Avenue, McComb, MS 39648.

WALTHALL COUNTY, MISSISSIPPI

Notes to Financial Statements

For the Year Ended September 30, 2018

(15) Jointly Governed Organizations.

The County participates in the following jointly governed organizations.

Southwest Mississippi Community College operates in a district composed of the counties of Amite, Pike, Walthall, and Wilkinson. The Walthall County Board of Supervisors appoints two of the 14 members of the Board of Trustees. The County contributed \$400,865 for operations and maintenance of the college in fiscal year 2018.

Southwest Mississippi Planning and Development District operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall, and Wilkinson. The Walthall County Board of Supervisors appoints four of the 40 members of the Board of Directors. The County contributed \$9,094 for support of the district in fiscal year 2018.

Southwest Mississippi Mental Health Complex operates in a district composed of the counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall, and Wilkinson. The Walthall County Board of Supervisors appoints one of the ten members of the Board of Commissioners. The County contributed \$17,313 for its support in fiscal year 2018.

Southwest Mississippi Partnership operates in a district composed of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Pike, Lincoln, Walthall, and Wilkinson. The entity is governed by ten 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 provide only modest financial support for the entity.

Southeast Mississippi Air Ambulance District operates in a district composed of the counties of Covington, Forrest, Greene, Jefferson Davis, Marion, Pearl River, Perry, Stone, and Walthall. The Walthall County Board of Supervisors appoints one of the nine members of the board of directors. The County contributed \$40,000 for support of the district in fiscal year 2018.

(16) Tax Abatements.

For the year beginning October 1, 2016, the Governmental Accounting Standards Board (GASB) implemented Statement 77, *Tax Abatement Disclosures*. This statement requires governmental entities to disclose the reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promise to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Walthall County Board of Supervisors negotiate property tax abatements on an individual basis. The County has a tax abatement with one entity as of September 30, 2018. The total amount of taxes abated during fiscal year 2018 was \$16,226 for economic development purposes and is authorized under Section 27-31-101 and 27-31-105 Miss. Code 1972 (Ann.).

WALTHALL COUNTY, MISSISSIPPI

Notes to Financial Statements

For the Year Ended September 30, 2018

(17) 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 Walthall County evaluated the activity of the County through the date the financial statements were available to be issued and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2018, the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
11/09/2018	3.65%	\$ 45,000	Capital Lease	Ad Valorem Taxes
03/28/2019	3.03%	251,000	Loan	Ad Valorem Taxes
04/01/2019	2.98%	600,000	Loan	Ad Valorem Taxes
06/04/2019	3.65%	80,000	Loan	Ad Valorem Taxes
06/04/2019	3.09%	83,000	Loan	Ad Valorem Taxes
07/20/2020	2.23%	152,900	Loan	Ad Valorem Taxes
07/05/2020	2.00%	53,323	Capital Lease	Ad Valorem Taxes
03/31/2021	1.27%	632,000	Loan	Ad Valorem Taxes
12/15/2021	1.69%	70,125	Loan	Ad Valorem Taxes
04/04/2022	1.99%	25,000	Capital Lease	Ad Valorem Taxes
04/11/2022	2.59%	206,500	Loan	Ad Valorem Taxes
07/05/2022	3.82%	170,000	Capital Lease	Ad Valorem Taxes
12/01/2022	4.73%	11,400	Capital Lease	Ad Valorem Taxes
02/06/2023	5.60%	195,000	Capital Lease	Ad Valorem Taxes
06/01/2023	4.99%	80,000	Capital Lease	Ad Valorem Taxes

REQUIRED SUPPLEMENTARY INFORMATION

WALTHALL COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,080,739	4,100,000	4,100,000	-
Licenses, commissions and other revenue	150,000	150,000	150,000	-
Fines and forfeitures	125,000	125,000	125,000	-
Intergovernmental revenue:	580,000	580,000	580,000	-
Charges for services	21,000	21,000	21,000	-
Interest income	39,015	64,815	64,815	-
Miscellaneous revenues	242,020	224,020	224,020	-
Total Revenues	<u>5,237,774</u>	<u>5,264,835</u>	<u>5,264,835</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	2,587,010	2,669,010	2,669,010	-
Public safety	1,880,659	1,880,659	1,880,659	-
Public works	63,766	53,766	53,766	-
Health and welfare	166,036	154,456	154,456	-
Culture and recreation	5,100	5,100	5,100	-
Education	275,000	275,000	275,000	-
Conservation of natural resources	72,828	62,135	62,135	-
Economic development and assistance	72,594	68,594	68,594	-
Debt service:				
Principal	375,000	430,000	430,000	-
Interest				-
Total Expenditures	<u>5,497,993</u>	<u>5,598,720</u>	<u>5,598,720</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>(260,219)</u>	<u>(333,885)</u>	<u>(333,885)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources	476,000	476,000	476,000	-
Other financing uses	(585,882)	(585,882)	(585,882)	-
Total Other Financing Sources and Uses	<u>(109,882)</u>	<u>(109,882)</u>	<u>(109,882)</u>	<u>-</u>
Net Change in Fund Balance	(370,101)	(443,767)	(443,767)	-
Fund Balances - Beginning	<u>5,978,987</u>	<u>7,382,897</u>	<u>7,382,897</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 5,608,886</u>	<u>6,939,130</u>	<u>6,939,130</u>	<u>-</u>

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

WALTHALL COUNTY, MISSISSIPPI

Schedule of the County's Proportionate Share of the

Net Pension Liability

Last 10 Fiscal Years*

For the Year Ended September 30, 2018

UNAUDITED

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.039092%	0.038514%	0.034478%	0.036479%	0.036112%
County's proportionate share of the net pension liability (asset)	\$ 6,502,161	6,402,334	6,158,632	5,638,934	4,383,336
County's covered payroll	\$ 2,496,389	2,470,679	2,205,663	2,278,990	2,242,355
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	260.46%	259.13%	279.22%	247.43%	195.48%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%	67.21%

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 prior to the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the County has only presented information for the years in which information is available.

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

WALTHALL COUNTY, MISSISSIPPI
Schedule of County Contributions
Last 10 Fiscal Years*
For the Year Ended September 30, 2018
UNAUDITED

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 397,078	380,664	357,136	359,781	353,171
Contributions in relation to the contractually required contribution	<u>397,078</u>	<u>380,664</u>	<u>357,136</u>	<u>359,781</u>	<u>353,171</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 2,521,124	2,416,910	2,267,530	2,284,321	2,242,356
Contributions as a percentage of covered payroll	15.75%	15.75%	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 6/30/15, and, until, a full 10-year is compiled, the County has only presented information for the years in which information is available.

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

WALTHALL COUNTY, MISSISSIPPI

Notes to the Required Supplementary Information For the Year Ended September 30, 2018 UNAUDITED

A. Budgetary Information.

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

C. Budget/GAAP Reconciliation

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

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

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund:

		Governmental Fund Type <u>General Fund</u>
Budget (Cash Basis)	\$	(443,767)
Increase (Decrease)		
Net adjustments for revenue accruals		585,312
Net adjustments for expenditure accruals		<u>158,336</u>
GAAP Basis	\$	<u>299,881</u>

WALTHALL COUNTY, MISSISSIPPI

Notes to the Required Supplementary Information For the Year Ended September 30, 2018 UNAUDITED

Pension Schedules

A. Changes of assumptions.

2015

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

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

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

2016

The assumed rate of interest credited to employee contributions was changed from 3.50% to 2.00%.

2017

The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumption was reduced from 3.75% to 3.25%.

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

WALTHALL COUNTY, MISSISSIPPI

Notes to the Required Supplementary Information For the Year Ended September 30, 2018 UNAUDITED

B. Changes in benefit provisions.

2016

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

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	36.6 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.75 percent to 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

OTHER INFORMATION

WALTHALL COUNTY, MISSISSIPPI

Schedule of Surety Bonds for County Officials

For the Year Ended September 30, 2018

UNAUDITED

Name	Position	Company	Bond
Larry Montgomery	Supervisor District 1	Western Surety Company	\$100,000
Frederick Magee, Jr.	Supervisor District 2	Western Surety Company	\$100,000
Shelton Stogner	Supervisor District 3	Western Surety Company	\$100,000
Bruce Boyd	Supervisor District 4	Western Surety Company	\$100,000
Clennel Brown	Supervisor District 5	Western Surety Company	\$100,000
Bob Bracey	Chancery Clerk	Western Surety Company	\$100,000
Brandy Boyd	Purchase Clerk	Western Surety Company	\$75,000
La Rheta Magee Dunaway	Assistant Purchase Clerk	Western Surety Company	\$75,000
Donnie Branch	Assistant Receiving Clerk	Western Surety Company	\$50,000
Sherman Smith	Assistant Receiving Clerk	Western Surety Company	\$50,000
Henry Earl Warren	Assistant Receiving Clerk	Western Surety Company	\$50,000
Jackie Hartley	Assistant Receiving Clerk	Western Surety Company	\$50,000
David Johnson	Assistant Receiving Clerk	Western Surety Company	\$50,000
Daniel Thornton, Jr.	Assistant Receiving Clerk	Western Surety Company	\$50,000
Milton Dunaway	Inventory Control Clerk	Western Surety Company	\$75,000
Raymond Gutter	Constable	Western Surety Company	\$50,000
Roy G Huhn	Constable	Western Surety Company	\$50,000
Vernon E. Alford	Circuit Clerk	Western Surety Company	\$100,000
Vanessa Walker	Deputy Circuit Clerk	Western Surety Company	\$50,000
Kamie Bacot	Deputy Circuit Clerk	Western Surety Company	\$50,000
Kyle Breland	Sheriff	Western Surety Company	\$100,000
David Ryan Bruhl	Justice Court Judge	Western Surety Company	\$50,000
Carl Montgomery, Jr.	Justice Court Judge	Western Surety Company	\$50,000
Janet Laird	Justice Court Clerk	Western Surety Company	\$50,000
Etta Michelle Kirkland	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Angele Marie Tullos	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Jessica Jones	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Paula Ann Reid	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Aaron Kelly Adams	Deputy Justice Court Clerk	Western Surety Company	\$50,000
La Shanda Magee	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Peggy Hillburn	Tax Assessor-Collector	Western Surety Company	\$100,000
Amy Hill	Deputy Tax Collector/Assessor	Western Surety Company	\$50,000
Kelli Boyd	Deputy Tax Assessor/Assessor	Western Surety Company	\$50,000
Angela Craft	Deputy Tax Collector/Assessor	Western Surety Company	\$50,000
Kandi Crain	Deputy Tax Collector/Assessor	Western Surety Company	\$50,000
Carla M. Johnson	Deputy Tax Collector/Assessor	Western Surety Company	\$50,000
Abby Kennedy	Deputy Tax Collector/Assessor	Western Surety Company	\$50,000

SPECIAL REPORTS

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

**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
Walthall County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of Walthall County, Mississippi (the County), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 27, 2023.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 and significant deficiencies.

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 as 2018-001, 2018-002, 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, 2018-008, 2018-009, 2018-010 and 2018-011 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2018-012 and 2018-013 to be significant deficiencies.

1048 Gluckstadt Road, Suite B
Madison, Mississippi 39110
Telephone 601-992-5292 Fax 601-992-2033

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Walthall 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2018-005 and 2018-006.

We also noted certain matters which we have reported to the management of Walthall County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated November 27, 2023, included within this document.

Walthall County's Responses to Findings

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

Purpose of this Report

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

FORTENBERRY & BALLARD, PC

Fortenberry and Ballard, PC
November 27, 2023

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Walthall County, Mississippi

We have examined Walthall County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2018. The Board of Supervisors of Walthall County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

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

Board of Supervisors.

1. A Receiving Clerk and any necessary Assistant Receiving Clerks should be appointed in accordance with state law.

Repeat Finding Yes

Criteria Section 31-7-101, Miss. Code Ann. (1972), requires the Board of Supervisors to appoint a Receiving Clerk, who shall not be a member of the Board of Supervisors. It also states that Assistant Receiving Clerks, when necessary, may be appointed by the Receiving Clerk, subject to the approval of the Board of Supervisors.

1048 Gluckstadt Road, Suite B
Madison, Mississippi 39110
Telephone 601-992-5292 Fax 601-992-2033

Condition	As reported in the prior year audit report, our audit procedures disclosed that, although numerous employees sign receiving reports, the Board of Supervisors has not appointed a Receiving Clerk nor have any Assistant Receiving Clerks been appointed and approved by the Board.
Cause	The County did not comply with state laws.
Effect	Failure to appoint a Receiving Clerk and any necessary Assistant Receiving Clerks in accordance with state law could result in the misappropriation or loss of public funds.
Recommendation	The Board of Supervisors should appoint a Receiving Clerk and instruct that individual to submit a list of prospective Assistant Receiving Clerks for Board approval.
Views of Responsible Official(s)	This has been corrected. Assistant receiving clerks have been bonded during this time period.

Board of Supervisors / Chancery Clerk.

2. The Receiving Clerk, Assistant Receiving Clerks, and Assistant Inventory Control Clerk should be bonded in accordance with state law.

Repeat Finding	Yes
Criteria	Section 31-7-124, Miss. Code Ann. (1972), requires the Receiving Clerk to execute a bond for \$75,000 with Assistant Receiving Clerks to execute a bond at \$50,000 and Assistant Inventory Control Clerk to execute a bond for \$50,000.
Condition	As reported in the prior two audit reports, the County had no employees bonded for these positions during the fiscal year 2018.
Cause	The Board of Supervisors and Chancery Clerk did not comply with state laws.
Effect	In the event of a loss of public funds involving the Receiving Clerk, Assistant Receiving Clerks or Assistant Inventory Control Clerk, the funds available to the County for recovery would be limited.
Recommendation	The Board of Supervisors should execute bonds for the Receiving Clerk, Assistant Receiving Clerks and Assistant Inventory Control Clerk, as required by law.
Views of Responsible Official(s)	This has been corrected in a subsequent year.

Inventory Control Clerk.

3. The Inventory Control Clerk should maintain an inventory control system.
- | | |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Repeat Finding | Yes |
| Criteria | Section 31-7-107, Miss. Code Ann (1972), requires the Inventory Control Clerk to maintain an inventory control system. Effective internal controls over capital assets include developing and maintaining a complete and accurate inventory control system. |

Also, certain data elements should be captured in capital asset records for all capital assets. Required data elements include description of assets, cost, locations, acquisition dates, disposition dates, method of disposition, and other relevant information. The presence of these data elements in capital asset records helps identify and distinguish county assets from one another, thereby safeguarding county assets from loss or misappropriation.

Condition	As in the prior audit period, test results indicated the following discrepancies in capital asset records: <ul style="list-style-type: none">a. Documents presented to the Board of Supervisors for approval for deletion do not include serial numbers so that specific assets can be positively identified.b. No procedures are in place to identify and track assets purchased with federal funds.c. One asset did not have an inventory tag and three assets were not properly marked.
Cause	The Inventory Control Clerk did not comply with state laws.
Effect	The failure to maintain an effective inventory controls system could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.
Recommendation	The Inventory Control Clerk should establish adequate control procedures to maintain accurate inventory records documenting the existence, valuation and completeness of capital assets.
Views of Responsible Official(s)	<ul style="list-style-type: none">a. Deleted items have serial numbers added to them starting in October 2018.b. We will comply with this finding.c. We will comply with this finding.

In our opinion, because of the noncompliance referred to in the preceding paragraph, Walthall County, Mississippi, did not comply, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2018.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination and, in our opinion, is fairly presented in relation to that examination.

Walthall 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 Walthall County, Mississippi's compliance with the aforementioned requirements, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

FORTENBERRY & BALLARD, PC

Fortenberry and Ballard, PC
November 27, 2023

Certified Public Accountants

WALTHALL COUNTY, MISSISSIPPISchedule 1

Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2018

-					Reason
-					for Accepting
<u>Date</u>	<u>Item</u> <u>Purchased</u>	<u>Bid</u> <u>Accepted</u>	<u>Vendor</u>	<u>Lowest</u> <u>Bid</u>	<u>Other Than the</u> <u>Lowest Bid</u>
08/15/2018	Dump Truck	\$ 69,200	Empire Trucks	\$ 65,000	cost of repairs and less time out of service due to vendor distance

WALTHALL COUNTY, MISSISSIPPI

Schedule of Emergency Purchases

For the Year Ended September 30, 2018

Schedule 2

Our tests did not identify any emergency purchases.

WALTHALL COUNTY, MISSISSIPPISchedule 3Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2018

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>
10/02/2017	AC-10 asphalt	\$ 10,720	Hunt Southland Refining Company
10/09/2017	AC-10 asphalt	10,720	Hunt Southland Refining Company
06/06/2018	AC-10 asphalt	13,467	Hunt Southland Refining Company
06/12/2018	AC-10 asphalt	26,934	Hunt Southland Refining Company
06/15/2018	AC-10 asphalt	26,934	Hunt Southland Refining Company
06/15/2018	AC-10 asphalt	26,934	Hunt Southland Refining Company
06/25/2018	AC-10 asphalt	26,934	Hunt Southland Refining Company
07/11/2018	AC-10 asphalt	13,476	Hunt Southland Refining Company
07/23/2018	AC-10 asphalt	40,401	Hunt Southland Refining Company
07/23/2018	AC-10 asphalt	26,934	Hunt Southland Refining Company
07/25/2018	AC-10 asphalt	26,934	Hunt Southland Refining Company
07/27/2018	AC-10 asphalt	28,810	Hunt Southland Refining Company
08/07/2018	AC-10 asphalt	28,810	Hunt Southland Refining Company
08/09/2018	AC-10 asphalt	28,810	Hunt Southland Refining Company
08/10/2018	AC-10 asphalt	14,405	Hunt Southland Refining Company
08/20/2018	AC-10 asphalt	14,405	Hunt Southland Refining Company
08/24/2018	AC-10 asphalt	14,405	Hunt Southland Refining Company
09/08/2018	AC-10 asphalt	28,810	Hunt Southland Refining Company

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board of Supervisors
Walthall County, Mississippi

In planning and performing our audit of the financial statements of Walthall County, Mississippi for the year ended September 30, 2018, we considered Walthall County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Walthall County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated November 27, 2023, on the financial statements of Walthall County, Mississippi.

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

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

1. Interface allotment fees should be accounted for separately.

Repeat Finding Yes

Criteria Section 27-19-99(4), Miss. Code Ann. (1972), states that counties that use their existing computer system to communicate all data regarding vehicle title and registration transactions to the state's central computer system shall be allotted fifty cents for each registration fee collected by the county and remitted to the Department of Revenue. This amount paid to the county shall be deposited into the county general fund to be expended only for costs incurred for the purchase of equipment, software, maintenance, or other costs directly related to the title/registration network system, and for education and training.

1048 Gluckstadt Road, Suite B
Madison, Mississippi 39110
Telephone 601-992-5292 Fax 601-992-2033

Condition	As reported in the prior two audit reports, the interface allotment fees settled to the County are not accounted for separately.
Cause	The County did not comply with state laws.
Effect	The failure to account for interface allotment fees separately could result in these fees being expended for unauthorized purposes.
Recommendation	The County should begin separately accounting for the receipt and disbursement of the interface allotment fees.
Views of Responsible Official(s)	A fund 011 was created after board approval on 7/17/19. All interface fees will be posted to this fund as well as allowed costs directly related to the title/registration system and education/training.
2.	<u>Unemployment Compensation Fund's cash balance below required amount.</u>
Repeat Finding	Yes
Criteria	Section 71-5-359(f), Miss. Code Ann. (1972), requires that a balance be maintained in the Unemployment Compensation Fund at an amount not less than two percent (2%) of the first six thousand dollars (\$6,000.00) of covered wages paid during the next year.
Condition	As reported in the prior two audit reports, our testing procedures indicated that the County's Unemployment Compensation Fund was underfunded as of September 30, 2018.
Cause	The County did not comply with state laws and maintain the required fund balance for the unemployment compensation fund.
Effect	The failure to maintain the required amount in the Unemployment Compensation Fund resulted in the County being in direct violation of state law.
Recommendation	The Board of Supervisors should ensure that an amount is maintained in the Unemployment Compensation Fund at an amount not less than two percent (2%) of the first six thousand dollars (\$6,000.00) of covered wages paid during the next preceding year, as required by law.
Views of Responsible Official(s)	We will comply.
3.	<u>The County should execute a contract for the housing of municipal prisoners and should bill the municipality for these services.</u>
Repeat Finding	Yes
Criteria	Section 47-1-39(1), Miss. Code Ann. (1972), authorizes the governing authorities of municipalities to contract with the Board of Supervisors for the use of the county jail by the municipality.

Condition	As reported in the prior two audit reports, although the County houses prisoners for the Town of Tylertown on an ongoing basis, the County does not have a contract with the Town for these services and did not bill the Town for housing prisoners in fiscal year 2018.
Cause	The County did not comply with state laws.
Effect	Failure to execute a contract for the housing of municipal prisoners resulted in the County incurring costs for housing the Town's prisoners for which no reimbursement was received.
Recommendation	The County should execute a contract with the Town for the housing of prisoners and implement procedures to ensure the Town is billed for these services on a monthly basis.
Views of Responsible Official(s)	We will comply with executing a contract with the Town of Tylertown. We are currently billing the Town for these services.
4.	<u>Surety bonds should be approved in accordance with state law.</u>
Repeat Finding	Yes
Criteria	Section 25-1-19(1), Miss. Code Ann. (1972), requires the Board of Supervisors to approve the bonds of the Chancery Clerk, the Circuit Clerk, and all other County officers and employees, or officers and employees for any district, subdivision, board or commission of the County, including the public school district. Additionally, the bonds of the members of the Board of Supervisors are required to be approved by the Chancery Clerk.
Condition	As reported in the prior two audit reports, during our test work, we noted that no bonds were approved in fiscal year 2018 by the Board of Supervisors or the Chancery Clerk.
Cause	The County did not comply with state laws.
Effect	The failure to approve surety bonds for County officers and employees resulted in some employees not being bonded, as required by state law.
Recommendation	The Board of Supervisors should implement procedures to ensure all bonds are approved as required by state law.
Views of Responsible Official(s)	We will comply.
Circuit Clerk and Board of Supervisors.	
5.	<u>All fee bills for attending Circuit Court should be approved and signed by the judge.</u>
Repeat Finding	Yes
Criteria	Section 25-7-13(2) (m), Miss. Code Ann. (1972), authorizes the Circuit Court Clerk to charge the County \$50.00 for each day's attendance upon the Circuit Court term, for himself and necessary deputies allowed by the court.
Condition	As reported in the prior year audit report, seven (7) of the fee bills tested were not signed by the judge.

Cause	The Circuit Clerk and Board of Supervisors did not comply with state laws.
Effect	The failure to submit appropriate payroll documentation for attending court resulted in unauthorized payments in the amount of \$7,533.50 made by the Board of Supervisors.
Recommendation	The Circuit Clerk should ensure all fee bills are approved and signed by the appropriate judge before submitting to the County for payment. Also, the Board of Supervisors should implement procedures to ensure that all fee bills are signed by the judge before issuing payment to the Clerk.
Views of Responsible Official(s)	We will comply.
Circuit Clerk.	
6.	<u>The Circuit Clerk should maintain dockets as required by state law.</u>
Repeat Finding	Yes
Criteria	As reported in the prior year audit, Section 9-7-171(1), Miss. Code Ann. (1972), requires the Circuit Clerk to keep a general docket, in which he shall enter the names of the parties in each case, the time of filing the declaration, indictment, record from inferior courts on appeal or certiorari, petition, plea, or demurrer, and all other papers in the cause.
Condition	The original judgments and final dispositions of cases were not consistently posted to the docket. Additionally, a change was made to an original judgment without supporting documentation.
Cause	The Circuit Clerk did not maintain dockets as required by law.
Effect	The failure to properly maintain court dockets could result in the loss or misappropriation of public funds due to the county and or the state.
Recommendation	The Circuit Clerk should implement procedures to ensure the court dockets are maintained in accordance with state law.
Views of Responsible Official(s)	We are complying to ensure the court dockets are now in compliance.
Justice Court Clerk.	
7.	<u>The Justice Court Clerk should settle unidentifiable funds to the County.</u>
Repeat Finding	Yes
Criteria	Section 27-105-371, Miss. Code Ann. (1972), requires county officials who receive funds under the authority of their office to settle any unidentifiable funds into the General Fund of the County within 30 days of such determination.
Condition	As reported in the prior two audit reports, the Board of Supervisors passed a motion on October 22, 2014, to transfer all unclaimed Justice Court funds to the County's General Fund. However, as of September 30, 2018, no such transfer had been made and unidentifiable/unclaimed funds in the amount of \$23,391 remained in the custody of the

Justice Court Clerk.

Cause	The Justice Court Clerk did not comply with state laws.
Effect	The failure to settle any unidentifiable funds to the County could result in the loss or misappropriation of public funds.
Recommendation	The Justice Court Clerk should settle all unidentifiable and/or unclaimed funds to the County's General Fund.
Views of Responsible Official(s)	This will be taken care of at the first of the month board meeting, which is September 2, 2019. All unidentifiable and/or unclaimed monies will be turned over to the Board.

8. The Justice Court Clerk should report to the Board of Supervisors on a monthly basis.

Repeat Finding	Yes
Criteria	Section 9-11-19(1), Miss. Code Ann. (1972), requires the Justice Court Clerk to submit a report of all fees, costs, fines and penalties received, including cash bonds and other monies which have been forfeited in criminal cases to the Board of Supervisors on a monthly basis. The Justice Court Clerk is also required to report, at least semiannually, any delinquent fines and penalties, giving the date, amount, and names of persons from whom such monies were received.
Condition	As reported in the prior year audit report, the Justice Court Clerk did not report monthly collections to the Board of Supervisors each month and did not report delinquent fines and penalties received at least two times per year.
Cause	The Justice Court Clerk did not comply with state laws.
Effect	The failure of the Justice Court Clerk to submit a report to the Board of Supervisors on a monthly basis could result in the loss of misappropriation of public funds.
Recommendation	The Justice Court Clerk should ensure the previous month's collections are reported to the Board of Supervisors each and every month and that delinquent fines and penalties are reported at least twice per year.
Views of Responsible Official(s)	Since I was hired in 2020, I am in compliance and will correct what needs to be corrected.

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

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

Fortenberry & Ballard, PC

Fortenberry and Ballard, PC
November 27, 2023

Certified Public Accountants

SCHEDULE OF FINDINGS AND RESPONSES

Walthall County, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2018

Section 1: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the financial statements:

Governmental activities	Unmodified
Business-type activities	Unmodified
General fund	Unmodified
Solid Waste fund	Unmodified
Aggregate remaining fund information	Unmodified
2. Internal control over financial reporting:

a. Material weaknesses identified?	Yes
b. Significant deficiencies identified?	Yes
3. Noncompliance material to the financial statements noted? Yes

Section 2: Financial Statement Findings

Board of Supervisors

Material Weakness

2018-001. Multiple weaknesses were noted in the County's internal controls over cash.

Repeat Finding Yes; Finding 2017-001

Criteria An effective system of internal control over cash should include an adequate segregation of duties, as well as a proper system for recording receipt warrants and disbursements, the use of pre- numbered checks, timely reconciliations of bank statements, and other physical safeguards over the cash system.

Condition As reported in the prior two audit reports, during our test work, we noted in addition to the governmental and proprietary funds, interest earned on the pooled bank account was also distributed to the County's agency funds.

Cause The County lacked the necessary internal controls over cash.

Effect The failure to have an adequate system of internal controls over cash could result in the loss or misappropriation of public funds.

Recommendation The Board of Supervisors should implement an adequate system of internal controls over cash.

Walthall County, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2018

Views of Responsible Official(s)

We will comply.

Material Weakness

2018-002. Processing of payroll and other payroll duties not adequately segregated.

Repeat Finding Yes; Finding 2017-002

Criteria An effective system of internal control over the payroll function should include an adequate segregation of duties. The maintenance of the general ledger, processing of payroll and other payroll duties are not adequately segregated for effective internal control.

Condition As reported in the prior two audit reports, during our test work, we noted the following internal control weaknesses in the payroll function:

- a. The comptroller, who maintains the general ledger, also processes time sheets, prepares the payroll, prepares payroll checks and reconciles the payroll bank account.
- b. The Board of Supervisors did not approve all payroll and personnel changes.
- c. Multiple check numbers were not accounted for.
- d. Blank checks and the signature stamp are stored together in an unsecure location in the Payroll Clerk's office.
- e. Personnel files are stored in an unsecure location in the Payroll Clerk's office.
- f. Personnel files contain no documentation for payroll or employment status changes.
- g. Individuals are frequently allowed to work for the county before completing any required payroll forms or screenings.
- h. There is no consistency among County departments as to the type or the level of completion of the documentation submitted to the Payroll Clerk for processing.
- i. Changes are made to timekeeping records based on information received verbally from employees.
- j. The mathematical accuracy of timekeeping records is not verified by the Payroll Clerk.
- k. Discrepancies exist between the amounts transferred to the payroll clearing fund for various payroll items and the amounts disbursed from the payroll clearing fund for those items.
- l. Reconciliations of the payroll clearing account were performed an average of 100 business days after the end of the month with the actual number of business days ranging from 15 to 157.

Cause The County lacked the necessary internal controls over the payroll function.

Effect Failure to have an adequate segregation of duties and proper internal controls over the payroll function could result in the loss or misappropriation of public funds.

Recommendation The Board of Supervisors should implement an adequate system of internal controls that will ensure proper segregation of duties exist with respect to control of the general ledger, the processing of payroll and other payroll duties.

Walthall County, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2018

Views of Responsible Official(s)

We will comply.

Material Weakness

2018-003. Controls over cash collections and disbursements in the Solid Waste Office should be strengthened.

Repeat Finding

Yes; Finding 2017-003

Criteria

An effective system of internal control over cash collections and disbursements for garbage collection should include an adequate segregation of duties, as well as a proper system for billing, numbered receipts for payments received, safeguards to protect payments received, and timely reconciliations of bank statements.

Condition

As reported in the prior two audit reports, during our audit, we noted the following deficiencies in the recording of transactions for garbage collection:

- a. Customers are billed in arrears on a quarterly basis for services already received, which provides little motivation for prompt payment.
- b. There are no effective procedures in place to determine whether all residents receiving services are billed or whether the proper person is being billed. Residents are allowed to make changes to accounts by telephone with no procedures in place to verify the identity of the individual requesting the change.
- c. Numbers are not assigned to receipts by the accounting software; accordingly, there is no accountability for missing receipts.
- d. Although it is the policy of the solid waste office to stamp all checks "For deposit only" upon receipt and to keep the cash drawer locked at all times when not in use, several instances of non-compliance with these policies were observed
- e. Although the head clerk reconciles the monthly collections to the deposits shown on the bank statement, none of the reconciling items such as bank fees and interest earned are entered into the solid waste accounting system.
- f. Both clerks receive payments and work from the same cash drawer. Both clerks also prepare bank deposits and deliver them to the bank.
- g. In addition to receiving payments and performing the partial bank reconciliation, the head clerk also prepares the monthly settlement to the County.

Cause

The County lacked the necessary internal controls over the cash collections and disbursements in the Solid Waste office.

Effect

The failure to establish an adequate system of internal controls over cash collections and disbursements for garbage collection could result in the misappropriation or loss of public funds.

Recommendation

The Board of Supervisors should implement a system of internal control to ensure that all residents receiving services are billed in advance, there are enforceable consequences for nonpayment of bills, all receipts are accounted for; funds in the solid waste office are properly safeguarded, bank statements are properly reconciled to the accounting records, and that there is an adequate segregation of duties in the solid waste office.

Walthall County, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2018

**Views of Responsible
Official(s)**

We will comply.

Material Weakness

2018-004 An adequate system of internal control over payroll procedures should be implemented.

Repeat Finding Yes; Finding 2017-004

Criteria An effective system of internal control over the county payroll should include proper segregation of duties, proper authorization of payroll and documentation for all withholdings, deductions, leave and hours worked.

Condition During audit test work, it was noted that payroll insurances collected from employees during the month are not being returned to the correct fund when the employee leaves.

Cause The County lacked the necessary internal controls over the county payroll function.

Effect Failure to return payroll insurances to the correct fund when employment is terminated could result in misappropriation of public funds and an overstatement of the payroll fund.

Recommendation The Board of Supervisors should ensure that controls are implemented in the payroll function to ensure all payroll insurances are returned to the proper fund.

**Views of Responsible
Official(s)**

We will comply.

**Material Weakness
Material
Noncompliance**

2018-005. Controls over the levying of ad valorem taxes should be strengthened.

Repeat Finding Yes; Finding 2017-008

Criteria An effective system of internal control over the levying of ad valorem taxes should ensure that the amounts levied are in compliance with the appropriate statute granting authority to levy taxes, levy descriptions are accurate, and the specific levies referenced throughout the Board order are relevant to the year for which taxes are being levied.

Condition As reported in the prior two audit reports, the following errors were noted in the tax levy for the fiscal year 2017-2018:

- a. The Board order includes a 200 mill levy "For Retirement of Road Fund Bond and Interest". The County had no road bonds outstanding during the fiscal year. (The County issued a promissory note for repair and maintenance of roads in June 2015.) Furthermore, the Code Section cited in this levy, 19-9-1, does not authorize the County to levy a tax for any such purpose.

Walthall County, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2018

- b. Section 3 of the levy includes the citation of Section 37-51-1, Miss. Code Ann. (1972), as authorization for the levy of taxes for the purpose of Countywide School Maintenance. This Code Section does not give the County any authority to levy taxes.

Cause	The County lacked the necessary internal controls over the levying of ad valorem taxes.
Effect	Failure to cite the appropriate levy for ad valorem taxes resulted in unauthorized ad valorem taxes in that were collected for fiscal year 2018.
Recommendation	The Board of Supervisors should implement procedures to ensure the correct descriptions, purposes, and Code Sections are recorded in the levy and that all levies are specifically authorized by state statute.
Views of Responsible Official(s)	A. This will be corrected as follows: for Road Indebtedness Section 17-21-53, Miss Code Ann (1972). B. This will be corrected.
Material Weakness Material Noncompliance	
2018-006.	<u>Controls over repayment of interfund loans should be strengthened.</u>
Repeat Finding	Yes; Finding 2017-010
Criteria	The Mississippi Code is silent regarding the authority of the County to make interfund loans.
Condition	The County had advances regarding solid waste indirect costs of \$8,571, \$7,988 and \$11,945 for fiscal years 2015, 2016 and 2017 respectively, plus an adjustment of \$1,806 resulting in a balance of \$30,310 for fiscal year 2018.
Cause	The County lacked the necessary internal controls to ensure that interfund loans were repaid within one year.
Effect	The failure the repay these loans constitutes a diversion of legally restricted funds.
Recommendation	The Board of Supervisors should ensure all advances are repaid.
Views of Responsible Official(s)	This was done in error. It will be corrected.
Recommendation	The County should implement a system that ensures bank statements are reconciled on a monthly basis.
Views of Responsible Official(s)	We will comply.

Walthall County, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2018

Inventory Control Clerk.

Material Weakness

2018-007. The Inventory Control Clerk should maintain an inventory control system.

Repeat Finding Yes; Finding 2017-012

Criteria Effective internal controls over capital assets include developing and maintaining a complete and accurate inventory control system. Also, certain data elements should be captured in capital asset records for all capital assets. Required data elements include description of assets, cost, locations, acquisition dates, disposition dates, method of disposition, and other relevant information. The presence of these data elements in capital asset records helps identify and distinguish county assets from one another, thereby safeguarding county assets from loss or misappropriation.

Condition As reported in the prior two audit reports, our test results indicated the following deficiencies in the capital asset records:

- a. Documents presented to the Board of Supervisors for approval for deletion do not include serial numbers so that specific assets can be positively identified.
- b. Depreciation was not recorded for an asset #1967 purchased in 2004.
- c. No procedures are in place to identify and track assets purchased with federal funds.
- d. One asset did not have an inventory tag and three assets were not properly marked.

Cause The County lacked the necessary internal controls over the inventory control system.

Effect The failure to maintain an effective inventory controls system could result in the reporting of inaccurate amounts and increases the possibility of the loss or misappropriation of public funds.

Recommendation The Inventory Control Clerk should establish adequate control procedures to maintain accurate inventory records documenting the existence, valuation and completeness of capital assets.

Views of Responsible Official(s)

- a. Deleted items have serial numbers added to them starting in October 2018.
- b. Depreciation on asset # 1967 has been corrected.
- c. Will comply with this finding.
- d. Will comply with this finding.

Circuit Clerk.

Material Weakness.

2018-008. Controls in the Circuit Clerk's office should be strengthened.

Repeat Finding Yes; Finding 2017-014

Walthall County, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2018

Criteria	An effective system of internal control over cash receipts, cash disbursements and accounting for cash transactions should include the use of proper cash journals, the reconciliation of bank statements to those cash journals, daily bank deposits, a policy prohibiting the use of white-out and correction tape on documentation, proper cutoff at the end of each month, accountability for receipts, receipts with details sufficient to support the fees charged, a detailed list of cash bonds and other amounts held by the office, correct and timely settlement of amounts due to individuals and other entities, and an adequate segregation of duties.
Condition	<p>As reported in the prior year audit report, the following deficiencies were noted:</p> <ul style="list-style-type: none">a. Cash journals were not used.b. Bank statements were not reconciled.c. Bank deposits were not made on a daily basis.d. White-out and/or correction tape was used on documents.e. Amounts received at the end of a month were sometimes comingled and deposited with the subsequent month's receipts.f. Although pre-numbered receipts are used, no procedures are in place to ensure all receipt numbers are accounted for.g. Due to a lack of sufficient details, we were unable to determine whether the correct fees were charged on some receipts.h. Marriage license fees were not settled properly.i. Each deputy clerk prepares and delivers the deposit to the bank for the money she collects.j. One of the deputies responsible for collecting and depositing receipts also posts receipts and disbursements to the ledgers, receives the bank statements, prepares the monthly settlements, and writes the settlement checks. This deputy also maintains the fines receivable records.k. As of June 6, 2019, there were checks totaling \$24,693.47 that are noted as outstanding check but were not mailed out due to lack of proper address.
Cause	The Circuit Clerk lacked the necessary internal controls over cash.
Effect	The failure to have adequate internal controls in the Circuit Clerk's office could result in the loss or misappropriation of public funds.
Recommendation	The Circuit Clerk should implement procedures to ensure cash journals are maintained, the bank statements are reconciled to the cash journal, bank deposits are made daily, documents are corrected without the use of white-out or correction tape, all transactions are recorded in the correct month, a periodic accounting is made for all receipt numbers, receipts include sufficient detail to determine whether the fees charged are in accordance with state law, cash bonds and other amounts held by the office are properly accounted for, all fees, fines, restitution and other such amounts are settled timely and in the correct amount, and to allow for an adequate segregation of duties in the collection, recording, and disbursement of cash.
Views of Responsible Official(s)	We will comply.

Walthall County, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2018

Material Weakness

2018-009. The Circuit Clerk's office should ensure effective controls over fines receivable.

Repeat Finding Yes; Finding 2017-015

Criteria As reported in the prior audit report, an effective system of internal control over fines receivable records should include maintaining and preserving adequate subsidiary records to substantiate the total fines receivable balance.

Condition Management did not maintain and preserve adequate subsidiary records documenting the existence and valuation of fines receivable for Circuit Clerk fines and the aging of the receivables.

Cause Management did not maintain and preserve adequate subsidiary records documenting the existence and valuation of Circuit Court fines receivable.

Effect Lack of or inaccurate data provided could prohibit fair presentation of Circuit Court fines receivable in the financial statements.

Recommendation The Circuit Clerk should establish procedures documenting the existence and valuation of Circuit Court fines receivable, including the aging schedule of fines receivable. The Circuit Clerk should also preserve a copy of these records.

Views of Responsible Official(s) We will comply.

Justice Court Clerk

Material Weakness

2018-010. The Justice Court Clerk should ensure effective controls over fines receivable.

Repeat Finding Yes; Finding 2017-017

Criteria An effective system of internal control over fines receivable records should include maintaining and preserving adequate subsidiary records to substantiate the total fines receivable balance.

Condition As reported in the prior two audit reports, management did not maintain and preserve adequate subsidiary records documenting the existence and valuation of fines receivable for Justice Court fines and the aging of fines receivable.

Cause Management did not maintain and preserve adequate subsidiary records documenting the existence and valuation of fines receivable for Justice Court fines and the aging of fines receivable.

Effect Lack of or inaccurate data provided could prohibit fair presentation of Justice Court fines

Walthall County, Mississippi

Schedule of Findings and Responses
For the Year Ended September 30, 2018

receivable in the financial statements.

Recommendation	The Justice Court Clerk should establish procedures documenting the existence and valuation of Justice Court fines receivable, including the aging schedule of fines receivable. The Justice Clerk should also preserve a copy of these records.
Views of Responsible Official(s)	I do print and keep the "Aged Past Due Balance". I will correct what needs to be done.
Material Weakness	
2018-011.	<u>Internal controls in the Justice Court Clerk's office should be strengthened.</u>
Repeat Finding	Yes; Finding 2017-018
Criteria	An effective system of internal control over the collection, recording and disbursement of cash in the Justice Court Clerk's office should include physical safeguards over cash in the office, immediate endorsement of checks upon receipt, review for missing receipt numbers, review and/or approval of voided receipts, and an adequate segregation of duties.
Condition	<p>As reported in the prior two audit reports, during our test work, we noted the following deficiencies:</p> <ul style="list-style-type: none">a. No procedures are in place to review reports for missing receipt numbers. Some of the daily reports we reviewed indicated numerous gaps in receipt numbers, partly due to the ability of employees to backdate receipts.b. No approval is required for an employee to void a receipt and no procedures are in place for the Clerk to review voided receipts on a daily basis.c. The Justice Court Clerk collects money, prepares and delivers the bank deposit to the bank, posts receipts and disbursements to the cash journals, prepares the monthly settlements, and writes and signs the checks for those settlements.
Cause	The Justice Court Clerk lacked the necessary internal controls over the collection, recording and disbursement of cash.
Effect	Failure to have adequate controls in the Justice Court Clerk's office could result in the loss or misappropriation of public funds.
Recommendation	The Justice Court Clerk should implement procedures to ensure reports are reviewed on a daily basis for missing receipt numbers, no receipts are backdated, all voided receipts are at least reviewed if not approved when voided, and to allow for adequate segregation of duties in the collection, recording and disbursement of cash.
Views of Responsible Official(s)	Most of this has been corrected. I am in compliance and will correct what needs to be.

Walthall County, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2018

Significant Deficiency

2018-012. The Justice Court Clerk should prepare a distribution of cash report at year-end.

Repeat Finding Yes; Finding 2017-019

Criteria The Justice Court Clerk must prepare a report at September 30th of each year identifying the distribution of all funds held by the Justice Court Clerk in order for these to be included in the financial statements of the County. This report should specify the revenues that are due to the General Fund, other funds, state government, or other entities. The Justice Court Clerk should submit this report to the Chancery Clerk by October 31st of each year.

Condition As reported in the prior two audit reports, the Justice Court Clerk did not prepare a distribution of cash report for the fiscal year ended September 30, 2018.

Cause The Justice Court Clerk lacked the necessary internal controls over cash.

Effect Failure to prepare a distribution of cash report at year-end could result in funds held by the Justice Court Clerk being misclassified in the County's financial statements.

Recommendation The Justice Court Clerk should prepare the distribution of cash report at September 30th of each year.

Views of Responsible Official(s) I am in compliance as of 2020 and will correct what needs to be corrected.

Sheriff.

Significant Deficiency

2018-013. The Sheriff should strengthen internal controls over cash.

Repeat Finding Yes; Finding 2017-020

Criteria An effective system of internal controls for collecting, recording, and disbursing cash in the Sheriff's Office should include a reconciliation of receipts issued to the cash received and an adequate segregation of duties.

Condition As reported in the prior two audit reports, we noted during our audit that no procedures are performed to reconcile cash deposited to the receipts issued. Additionally, the same employee, receipts cash, prepares all bank deposits, posts receipts to the cash journal, prepares all bank reconciliations, and prepares the monthly settlement reports.

Cause The Sheriff lacked the necessary internal controls over cash.

Effect Failure to have adequate controls in the Sheriff's Office could result in the loss or misappropriation of public funds.

Walthall County, Mississippi
Schedule of Findings and Responses
For the Year Ended September 30, 2018

Recommendation The Sheriff should ensure that there are adequate internal controls over the receipting, recording and disbursing of cash in his office.

Views of Responsible Official(s) As stated in October, in order to comply with this deficiency, our department would need additional clerical personnel. Our budget does not have the extra funds to hire additional office employees at this time. This matter will be brought before the Board of Supervisors.