

WEBSTER COUNTY, MISSISSIPPI

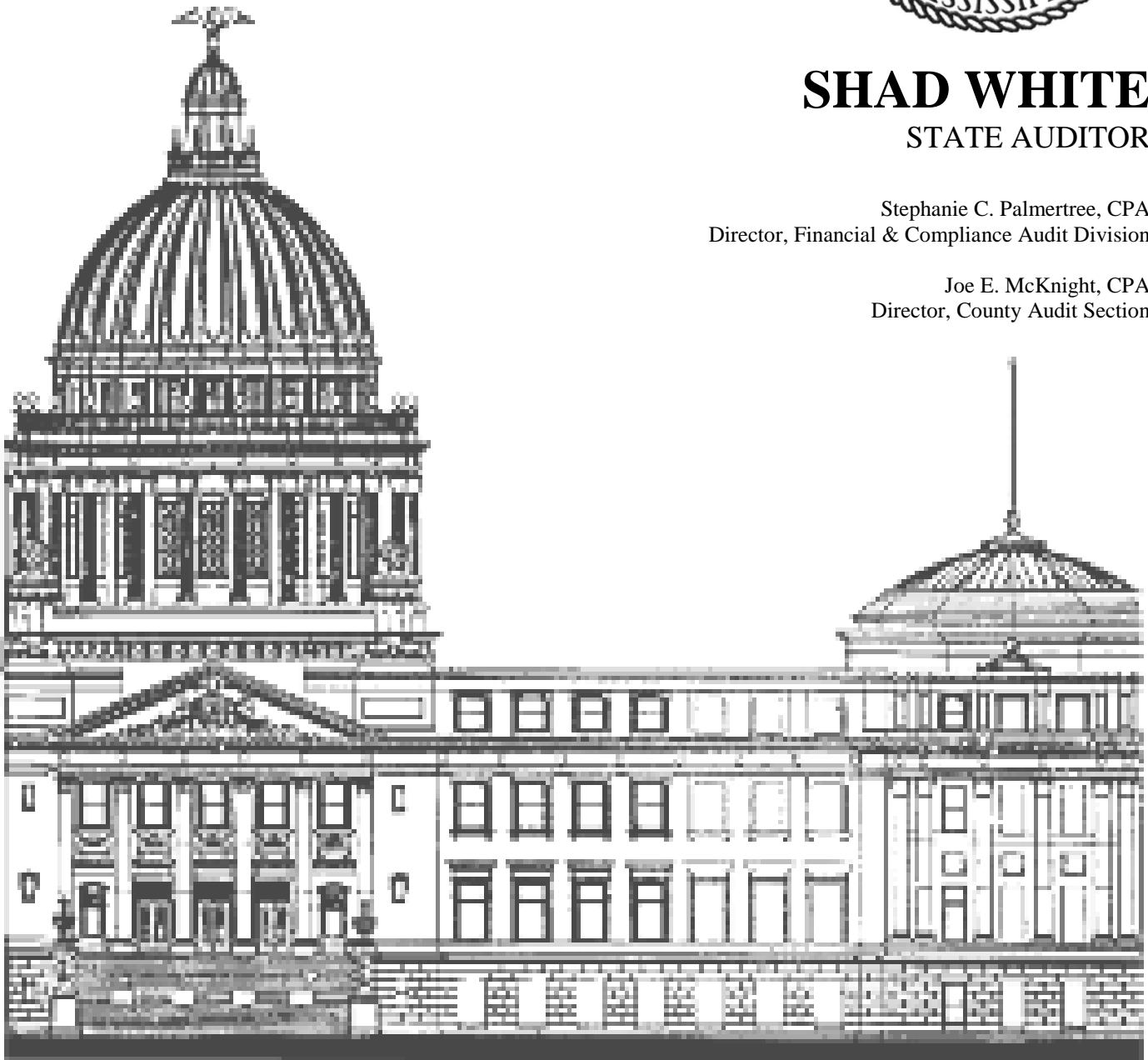
Audited Financial Statements and Special Reports
For the Year Ended September 30, 2018



SHAD WHITE
STATE AUDITOR

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

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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

Shad White
AUDITOR

March 17, 2020

Members of the Board of Supervisors
Webster County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2018 financial and compliance audit report for Webster County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White", is written over a horizontal line.

Shad White

WEBSTER COUNTY
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WEBSTER COUNTY

FINANCIAL SECTION

WEBSTER COUNT

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

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Webster County, Mississippi

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Webster 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 the cash basis of accounting, as described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Webster County, Mississippi, as of September 30, 2018, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Webster County, Mississippi's basic financial statements. The Budgetary Comparison Schedules, Schedule of Investments, Schedule of Interfund Loans and Advances, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2020 on our consideration of Webster 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 Webster 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 Webster County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

March 17, 2020

WEBSTER COUNTY

FINANCIAL STATEMENTS

WEBSTER COUNTY

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WEBSTER COUNTY
Statement of Net Position - Cash Basis
September 30, 2018

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 5,149,805
Cash with fiscal agent	<u>1,800,556</u>
Total Assets	<u><u>6,950,361</u></u>
NET POSITION	
Restricted:	
Expendable:	
General government	59,043
Public safety	62,825
Public works	1,352,230
Culture and recreation	3,724
Debt service	31,106
Unemployment compensation	8,381
Unrestricted	<u>5,433,052</u>
Total Net Position	<u><u>\$ 6,950,361</u></u>

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

WEBSTER COUNTY
Statement of Activities - Cash Basis
For the Year Ended September 30, 2018

Exhibit 2

Functions/Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 4,623,900	203,408	18,337		(4,402,155)
Public safety	1,234,463	145,726	52,548		(1,036,189)
Public works	2,074,471	354,416	639,035	77,880	(1,003,140)
Health and welfare	92,551		15,843		(76,708)
Culture and recreation	47,629		3,000		(44,629)
Conservation of natural resources	37,205		75,954		38,749
Economic development and assistance	79,000				(79,000)
Purchase of investments	17,150				(17,150)
Debt service:					
Principal	2,289,119				(2,289,119)
Interest	50,742				(50,742)
Total Governmental Activities	\$ 10,546,230	703,550	804,717	77,880	(8,960,083)
General receipts:					
Property taxes				\$	3,708,699
Road & bridge privilege taxes					133,678
Grants and contributions not restricted to specific programs					375,158
Unrestricted interest income					34,312
Miscellaneous					112,398
Sale of investments					2,012,027
Sale of county property					34,476
Total General Receipts and Other Cash Sources					6,410,748
Changes in Net Position					(2,549,335)
Net Position - Beginning, as previously reported					5,014,696
Prior period adjustment					4,485,000
Net Position - Beginning of year, as restated					9,499,696
Net Position - Ending				\$	6,950,361

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

WEBSTER COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
September 30, 2018

Exhibit 3

	<u>Major Funds</u>			
	<u>General</u>	<u>Courthouse</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Recovery</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
ASSETS				
Cash	\$ 1,038,368	2,594,128	1,517,309	5,149,805
Cash with fiscal agent		1,800,556		1,800,556
Total Assets	<u>1,038,368</u>	<u>4,394,684</u>	<u>1,517,309</u>	<u>6,950,361</u>
FUND BALANCES				
Restricted for:				
General government			59,043	59,043
Public safety			62,825	62,825
Public works			1,352,230	1,352,230
Culture and recreation			3,724	3,724
Debt service			31,106	31,106
Unemployment compensation			8,381	8,381
Committed to:				
General government		4,394,684		4,394,684
Unassigned	<u>1,038,368</u>			<u>1,038,368</u>
Total Fund Balances	<u>\$ 1,038,368</u>	<u>4,394,684</u>	<u>1,517,309</u>	<u>6,950,361</u>

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

WEBSTER COUNTY

Exhibit 4

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -
 Governmental Funds
 For the Year Ended September 30, 2018

	Major Funds		Other	Total
	General	Courthouse	Governmental	Governmental
	Fund	Recovery	Funds	Funds
	Fund	Fund	Funds	Funds
RECEIPTS				
Property taxes	\$ 2,381,353		1,327,346	3,708,699
Road and bridge privilege taxes			133,678	133,678
Licenses, commissions and other receipts	79,562		9,095	88,657
Fines and forfeitures	105,387			105,387
Intergovernmental receipts	463,372	449	793,934	1,257,755
Charges for services	55,133		454,373	509,506
Interest income	4,347	25,799	4,166	34,312
Miscellaneous receipts	105,085	3,031	4,282	112,398
Total Receipts	<u>3,194,239</u>	<u>29,279</u>	<u>2,726,874</u>	<u>5,950,392</u>
DISBURSEMENTS				
General government	1,750,768	2,704,228	168,904	4,623,900
Public safety	826,443		408,020	1,234,463
Public works			2,074,471	2,074,471
Health and welfare	92,551			92,551
Culture and recreation	47,629			47,629
Conservation of natural resources	37,205			37,205
Economic development and assistance	79,000			79,000
Debt service:				
Principal	9,942	2,000,000	279,177	2,289,119
Interest	397	36,600	13,745	50,742
Total Disbursements	<u>2,843,935</u>	<u>4,740,828</u>	<u>2,944,317</u>	<u>10,529,080</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>350,304</u>	<u>(4,711,549)</u>	<u>(217,443)</u>	<u>(4,578,688)</u>
OTHER CASH SOURCES (USES)				
Sale of county property			34,476	34,476
Transfers in	38,500	29,591	248,850	316,941
Transfers out	(91,491)		(225,450)	(316,941)
Sale of investments		2,012,027		2,012,027
Purchase of investments		(17,150)		(17,150)
Total Other Cash Sources and Uses	<u>(52,991)</u>	<u>2,024,468</u>	<u>57,876</u>	<u>2,029,353</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>297,313</u>	<u>(2,687,081)</u>	<u>(159,567)</u>	<u>(2,549,335)</u>
Fund Balances - Beginning, as previously reported	741,055	2,596,765	1,676,876	5,014,696
Prior period adjustment		4,485,000		4,485,000
Fund Balances - Beginning, as restated	<u>741,055</u>	<u>7,081,765</u>	<u>1,676,876</u>	<u>9,499,696</u>
Cash Basis Fund Balances - Ending	<u>\$ 1,038,368</u>	<u>4,394,684</u>	<u>1,517,309</u>	<u>6,950,361</u>

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

WEBSTER COUNTY
Statement of Fiduciary Assets and Liabilities - Cash Basis
September 30, 2018

Exhibit 5

	Agency Funds
ASSETS	
Cash	\$ 80,006
Total Assets	\$ 80,006
LIABILITIES	
Other liabilities	\$ 67,885
Intergovernmental payables	12,121
Total Liabilities	\$ 80,006

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

WEBSTER COUNTY

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WEBSTER COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Webster County, Mississippi (the County), is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. The financial statements of the County are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. These accounting principles require Webster County to present these financial statements on the primary government and its component units 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 – Cash Basis and a Statement of Activities – Cash Basis, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

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

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

WEBSTER COUNTY

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

Fund Financial Statements:

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

C. Measurement Focus and Basis of Accounting.

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

The County reports the following major Governmental Funds:

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

Courthouse Recovery Fund - This fund is used to account for monies from specific sources that are committed for the replacement of equipment and for rebuilding the courthouse.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUND TYPE

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

D. Account Classifications.

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

WEBSTER COUNTY

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

E. Deposits.

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

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

F. Equity Classifications.

Government-wide Financial Statements:

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

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

WEBSTER COUNTY

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

Fund Balance Flow Assumption:

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

G. Property Tax Receipts.

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

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

(2) Prior Period Adjustment.

A summary of the significant net position/fund balance adjustments is as follows:

Exhibit 2 – Statement of Activities – Governmental Activities

<u>Explanation</u>	<u>Amount</u>
To record prior year cash with fiscal agent	\$ <u>4,485,000</u>

Exhibit 4 – Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

<u>Explanation</u>	<u>Amount</u>
To record prior year cash with fiscal agent	\$ <u>4,485,000</u>

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2018, was \$5,229,811, and the bank balance was \$5,624,946. 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

WEBSTER COUNTY

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

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 Transfers.

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

Transfers In/Out:			
Transfers In	Transfers Out		Amount
General Fund	Other Governmental Funds	\$	38,500
Courthouse Recovery Funds	General Fund		29,591
Other Governmental Funds	General Fund		61,900
Other Governmental Funds	Other Governmental Funds		186,950
			<hr/>
Total		\$	316,941
			<hr/>

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

(5) 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.

(6) Contingencies.

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

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

(7) Joint Ventures.

The County participates in the following joint venture:

Webster County is a participant with the counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha and Winston and the cities of Ackerman, Columbus, Eupora, Louisville, Macon, Starkville and West Point in a joint venture, authorized by Section 17-17-307, Miss. Code Ann. (1972), to operate the Golden Triangle Regional Solid Waste Management Authority. The joint venture was created for waste management purposes and is governed by 38 board members. No one primary government appoints a majority of the Authority's board members.

WEBSTER COUNTY

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

Webster County did not contribute any funds to the organization in the fiscal year 2018. Complete financial statements for the Golden Triangle Regional Solid Waste Management Authority can be obtained from Golden Triangle Planning and Development District, Post Office box 828, Starkville, Mississippi 39760-0828.

(8) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Webster County Board of Supervisors appoints two of the 22 members of the board of trustees. The County contributed \$121,130 for maintenance and support of the college in fiscal year 2018.

The Golden Triangle Planning and Development District operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Webster County Board of Supervisors appoints four of the 28 members of the board of directors. The County contributed \$29,000 for the district in fiscal year 2018.

Tombigbee Regional Library System provides services for the Counties of Choctaw, Clay, Monroe and Webster. The Webster County Board of Supervisors appoints one of the five members of the board of directors. The County contributed \$37,300 for maintenance and support of the system in fiscal year 2018.

The Mississippi Regional Housing Authority IV operates in a district composed of the Counties of Carroll, Choctaw, Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster and Winston. The Webster County Board of Supervisors appoints one of the nine board members. The counties generally provide no financial support to the organization.

Community Counseling Services operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Webster County Board of Supervisors appoints one of the seven members of the board of directors. The County contributed \$20,000 for the support of the agency in fiscal year 2018.

Prairie Opportunity, Inc. operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. Each counties Board of Supervisors appoints one of the 21 members of the board of directors totaling 7. The other 14 board members are not appointed by the counties. Most of the funding for the district is derived from federal funds, and the County provides a modest amount of financial support when matching funds are required for federal grants.

(9) Defined Benefit Pension Plan.

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

Funding Policy. At September 30, 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 rate at September 30, 2018 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2018, 2017 and 2016 were \$257,180, \$262,597 and \$261,908, respectively, equal to the required contributions for each year.

WEBSTER COUNTY

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

(10) Tax Abatements.

As of September 30, 2018, Webster County provides tax exempt status to three manufacturing companies subject to the requirements of GASB Statement No. 77. These manufacturing companies are exempt from real property taxes and personal property taxes except for levies involving the school, the mandatory mill and community college tax levies. These exemptions are authorized under Sections 27-31-101 and 27-31-105 of the Miss. Code Ann. (1972). These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2018 totaled \$80,506.

WEBSTER COUNTY

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WEBSTER COUNTY

OTHER INFORMATION

WEBSTER COUNTY

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 2,304,626	2,381,353	2,381,353	
Licenses, commissions and other receipts	73,300	79,562	79,562	
Fines and forfeitures	102,500	105,387	105,387	
Intergovernmental receipts	424,905	463,372	463,372	
Charges for services	8,000	55,133	55,133	
Interest income	15,075	4,347	4,347	
Miscellaneous receipts	32,600	105,085	105,085	
Total Receipts	<u>2,961,006</u>	<u>3,194,239</u>	<u>3,194,239</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	1,868,684	1,750,768	1,750,768	
Public safety	853,611	826,443	826,443	
Health and welfare	94,345	92,551	92,551	
Culture and recreation	47,050	47,629	47,629	
Conservation of natural resources	49,695	37,205	37,205	
Economic development and assistance	79,000	79,000	79,000	
Debt service:				
Principal		9,942	9,942	
Interest		397	397	
Total Disbursements	<u>2,992,385</u>	<u>2,843,935</u>	<u>2,843,935</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(31,379)</u>	<u>350,304</u>	<u>350,304</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Transfers in		38,500	38,500	
Transfers out		(91,491)	(91,491)	
Other financing uses	<u>(56,081)</u>			
Total Other Cash Sources and Uses	<u>(56,081)</u>	<u>(52,991)</u>	<u>(52,991)</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(87,460)</u>	<u>297,313</u>	<u>297,313</u>	
Cash Basis Fund Balances - Beginning	<u>674,446</u>	<u>741,055</u>	<u>741,055</u>	
Cash Basis Fund Balances - Ending	<u>\$ 586,986</u>	<u>1,038,368</u>	<u>1,038,368</u>	<u>0</u>

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

WEBSTER COUNTY
Budgetary Comparison Schedule -
Budget and Actual (Non-GAAP Basis)
Courthouse Recovery Fund
For the Year Ended September 30, 2018
UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental receipts	\$ 100,000	449	449	
Interest income		25,799	25,799	
Miscellaneous receipts		3,031	3,031	
Total Receipts	<u>100,000</u>	<u>29,279</u>	<u>29,279</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	5,157,245	2,704,228	2,704,228	
Debt service:				
Principal		2,000,000	2,000,000	
Interest		36,600	36,600	
Total Disbursements	<u>5,157,245</u>	<u>4,740,828</u>	<u>4,740,828</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(5,057,245)</u>	<u>(4,711,549)</u>	<u>(4,711,549)</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Transfers in		29,591	29,591	
Sale of investment		2,012,027	2,012,027	
Purchase of investment	<u>(56,081)</u>	<u>(17,150)</u>	<u>(17,150)</u>	
Total Other Cash Sources and Uses	<u>(56,081)</u>	<u>2,024,468</u>	<u>2,024,468</u>	<u>0</u>
Deficiency of Receipts and other Cash Sources under Disbursements and other Cash Uses	(5,113,326)	(2,687,081)	(2,687,081)	
Cash Basis Fund Balances - Beginning, as previously reported	5,057,245	2,596,765	2,596,765	
Prior period adjustment		4,485,000	4,485,000	
Cash Basis Fund Balances - Beginning, as restated	<u>5,057,245</u>	<u>7,081,765</u>	<u>7,081,765</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ (56,081)</u>	<u>4,394,684</u>	<u>4,394,684</u>	<u>0</u>

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

WEBSTER COUNTY
Schedule of Investments
For the Year Ended September 30, 2018
UNAUDITED

Fund	Description	Beginning Date	Maturity Date	Interest Rate	October 1 Balance	Purchases	Redeemed Sales	Adjustments *	September 30 Balance
COURTHOUSE RECOVERY FUND									
27 Courthouse Recovery Fund	Certificate of Deposit - 7003651	8/17/2016	8/17/2017	0.35%	\$ 2,000,000			(2,000,000)	0
27 Courthouse Recovery Fund	Certificate of Deposit - 7003652	8/17/2017	8/17/2019	0.60%	2,000,000	12,027	2,012,027		0
27 Courthouse Recovery Fund	Certificate of Deposit - 7003653	8/17/2017	8/17/2020	0.75%	175,000	1,316			176,316
27 Courthouse Recovery Fund	Certificate of Deposit - 7003654	8/17/2017	8/17/2021	1.10%	160,000	1,769			161,769
27 Courthouse Recovery Fund	Certificate of Deposit - 7003655	8/17/2017	8/17/2022	1.35%	150,000	2,038			152,038
Total Courthouse Recovery Fund					<u>4,485,000</u>	<u>17,150</u>	<u>2,012,027</u>	<u>(2,000,000)</u>	<u>490,123</u>
TOTAL GOVERNMENTAL FUNDS					<u>\$ 4,485,000</u>	<u>17,150</u>	<u>2,012,027</u>	<u>(2,000,000)</u>	<u>490,123</u>

* The adjustment to the investment schedule is to remove investments that matured prior to October 1, 2017.

WEBSTER COUNTY
Schedule of Interfund Loans and Advances
For the Year Ended September 30, 2018
UNAUDITED

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>	Balance at Sept. 30, 2018
Other Governmental Funds	Other Governmental Funds	\$ <u>95,700</u>

The amount due represents equipment purchased for District 4 Road Maintenance Funds, which is expected to be repaid within one year from the date of the financial statements.

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at Sept. 30, 2018
General Fund	Other Governmental Funds	\$ 21,700
Other Governmental Funds	Other Governmental Funds	<u>31,500</u>
Total		\$ <u>53,200</u>

The amount payable to the General Fund represents fire trucks and other equipment purchased for the Volunteer Fire Levy Fund and District 4 Road Maintenance Funds, which is not expected to be repaid within one year. The amount payable to Other Governmental Funds represents a fire truck purchased for the Volunteer Fire Levy Fund, which is not expected to be repaid within one year.

WEBSTER COUNTY
Schedule of Capital Assets
For the Year Ended September 30, 2018
UNAUDITED

Governmental activities:

	Balance Oct. 1, 2017	Additions	Deletions	Adjustments*	Balance Sept. 30, 2018
Land	\$ 146,040				146,040
Construction in progress	310,860	4,013,742		703,605	5,028,207
Infrastructure	5,614,955				5,614,955
Buildings	1,641,802			94,500	1,736,302
Mobile equipment	3,752,782	245,002	226,946	32,526	3,803,364
Furniture and equipment	316,858	8,349	13,652		311,555
Leased property under capital leases	1,193,823			(58,904)	1,134,919
Total capital assets	\$ 12,977,120	4,267,093	240,598	771,727	17,775,342

*The adjustments column includes the reclassification of paid off capital leases to mobile equipment, completed construction projects transferred to infrastructure, and a prior period adjustment for items that were not included or removed from inventory in the prior year.

WEBSTER COUNTY

Schedule of Changes in Long-term Debt

For the Year Ended September 30, 2018

UNAUDITED

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

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2017	Principal Payments	Adjustments*	Balance Sept. 30, 2018
Governmental Activities:							
A. Capital Leases:							
2014 Ford F-150 Super Cab - Sheriff	6/27/2014	6/27/2018	2.24%	\$ 4,566	4,566		
Cat Model 12M2 Motorgrader	3/10/2014	4/10/2019	2.29%	76,927	23,158		53,769
(2) John Deere CX cutters (bushhogs)	9/16/2014	9/15/2018	1.95%	7,673	7,673		
John Deere 6105D tractor w/JD H310 loader	2/8/2016	2/5/2020	2.10%	33,544	14,175		19,369
2016 Mack Tractor Trailer	3/28/2016	6/5/2022	3.15%	88,147	17,546		70,601
2016 Caterpillar Motorgrader - District 1	9/23/2016	10/5/2021	1.95%	79,220	19,213		60,007
2016 Caterpillar Motorgrader - District 2	9/23/2016	10/5/2021	1.95%	103,480	25,085		78,395
E-911 Equipment	12/21/2016	1/7/2022	1.97%	145,595	33,171		112,424
F-150 Truck - Receiving Clerk	2/23/2017	2/5/2021	2.25%	18,399	5,376		13,023
Rock Spreader	8/8/2017	8/5/2021	1.94%	139,880	35,495		104,385
B. Other Loans:							
Front Line Apparel MDA Loan	5/7/2007	11/1/2009	3.00%	108,833			108,833 **
Front Line Apparel MDA Loan	8/13/2005	7/1/2011	3.00%	242,500			242,500 **
\$500,000 Negotiable note, series 2012	11/30/2012	11/30/2017	1.83%	103,661	103,661		
Webster County Courthouse - Promissory Note	10/1/2017	8/1/2022	1.83-2.83%		2,000,000	4,485,000	2,485,000
Total				\$ 1,152,425	2,289,119	4,485,000	3,348,306

* The adjustment was to record the prior year balance of the Webster County courthouse = Promissory Note.

** On June 14, 2010, the Mississippi Development Authority (MDA) notified Webster County that based on the County's good faith attempts to secure repayment of the loans receivable associated with these loans, the Mississippi Development Authority does not expect Webster County to continue collection efforts on these loans. The Mississippi Development Authority approved the closeout of this project on January 15, 2011. However, due to state law, the Mississippi Development Authority cannot write off this loan payable from the county to Mississippi Development Authority.

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

WEBSTER COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2018
UNAUDITED

Name	Position	Company	Bond
Curtis Moore	Supervisor District 1	Western Surety Company	\$100,000
Patrick S. Cummings, Sr.	Supervisor District 2	Travelers Casualty and Surety Company	\$100,000
Randy Rico	Supervisor District 3	Western Surety Company	\$100,000
Paul Crowley	Supervisor District 4	Western Surety Company	\$100,000
Doug Burgess	Supervisor District 5	FCCI Insurance Company	\$100,000
Russell S. Turner	Chancery Clerk	Travelers Casualty and Surety Company	\$100,000
Amanda F. Embry (Kay)	Purchase Clerk	Western Surety Company	\$75,000
Wanda Robinson	Assistant Purchase Clerk	Travelers Casualty and Surety Company	\$50,000
Steve Hodges	Receiving Clerk	Travelers Casualty and Surety Company	\$75,000
Russell S. Turner	Inventory Control Clerk	Travelers Casualty and Surety Company	\$75,000
Jeremy Gilgore	Constable	Western Surety Company	\$50,000
Jeffrey D. McMinn	Constable	Travelers Casualty and Surety Company	\$50,000
Sherry Henderson	Circuit Clerk	Western Surety Company	\$100,000
Wanda Robinson	Deputy Circuit Clerk	Travelers Casualty and Surety Company	\$100,000
Timothy S. Mitchell	Sheriff	Western Surety Company	\$100,000
Rebecca E. Ellison	Justice Court Judge	Travelers Casualty and Surety Company	\$50,000
Jerry Jones	Justice Court Judge	State Farm Fire and Casualty Company	\$50,000
Melissa Dean	Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Vanyetta Shay Holmes	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Barbara Gore	Tax Assessor-Collector	Western Surety Company	\$100,000
Bonnie Fulgham	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$50,000
Kristi Johnson	Deputy Tax Assessor	Travelers Casualty and Surety Company	\$50,000

WEBSTER COUNTY

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WEBSTER COUNTY

Notes to the Other Information
For the Year Ended September 30, 2018

UNAUDITED

(1) Budgetary Comparison Information.

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

(2) Long-term Debt Information:

A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2018, there is no outstanding debt that is subject to these debt limitations.

B. Certificates of Participation - In accordance with Section 31-8-1 et seq. Miss. Code Ann. (1972), Webster County (County) entered into a five year capital lease agreement with Golden Triangle Public Buildings Leasing Corporation (Corporation). The Golden Triangle Public Buildings Leasing Corporation (Corporation) borrowed funds which are to be used to construct a new courthouse. The County is obligated to pay the Corporation rent equal to the principal and interest on the debt. The County purchased five Certificates of Deposit in the total amount of \$4,485,000 which are to be used to make rental payments to the Corporation. The Corporation is obligated to use the rental payments from the County to pay off the debt. At the completion of the lease, the County will assume ownership of the facility.

WEBSTER COUNTY

Notes to the Other Information
For the Year Ended September 30, 2018

UNAUDITED

C. Subsequent Events.

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>
10/10/2018	3.15%	\$	57,500	Equipment Note	Ad valorem Taxes
07/09/2019	2.45%		29,405	Equipment Note	Ad valorem Taxes
07/09/2019	2.75%		66,130	Equipment Note	Ad valorem Taxes

WEBSTER COUNTY

SPECIAL REPORTS

WEBSTER COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Webster County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Webster 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 March 17, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Webster 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 Webster County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2018-001, 2018-002, 2018-003, 2018-004 and 2018-005 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Webster 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters which we have reported to the management of Webster 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 March 17, 2020, included within this document.

Webster County's Responses to Findings

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

Purpose of this Report

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

March 17, 2020



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Webster County, Mississippi

We have examined Webster County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2018. The Board of Supervisors of Webster 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 Webster County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

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

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

Inventory Control Clerk

1. Capital asset purchases should be recorded in capital asset records.

Repeat Finding Yes

Criteria Section 31-7-107, Miss. Code Ann. (1972), requires the Inventory Control Clerk to maintain an inventory system. An effective system of internal controls over capital assets should include proper recording of additions.

Condition Asset additions totaling \$1,500 were not included in the subsidiary records.

Cause	Poorly designed controls.
Effect	Failure to record all capital asset transactions could result in the loss of capital assets.
Recommendation	The Inventory Control Clerk should properly record additions in the capital asset subsidiary records.
Views of Responsible Official(s)	I will comply.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Webster County, Mississippi, complied, 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 of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

March 17, 2020

WEBSTER COUNTY

Schedule 1

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

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

WEBSTER COUNTY

Schedule 2

Schedule of Emergency Purchases

For the Year Ended September 30, 2018

Our tests did not identify any emergency purchases.

WEBSTER COUNTY

Schedule 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>
12/13/2017	Conversion of tanker truck into fire truck	\$ 91,700	Deep South Fire Trucks

WEBSTER COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Webster County, Mississippi

In planning and performing our audit of the cash basis financial statements of Webster County, Mississippi (the County) for the year ended September 30, 2018, we considered Webster 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 Webster 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 March 17, 2020, on the financial statements of Webster 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 immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Circuit Clerk.

2018-001	<u>Payments to the Circuit Clerk for making final records should not be in excess of \$2 per page.</u>
Repeat Finding	No
Criteria	Section 25-7-13(6), Miss. Code Ann. (1972), allows for making final records required by law, including, but not limited to, circuit and county court minutes, and furnishing transcripts of records, the circuit clerk shall charge Two Dollars (\$2.00) per page.
Condition	During test work, we noted one instance where the Circuit Clerk was paid in excess of \$2 per page for preparing court minutes.
Cause	Mathematical error on the Circuit Clerk's fee bill.
Effect	The error resulted in an overpayment to the Circuit Clerk.

Recommendation	Fee bills should be carefully reviewed by all parties to ensure that mathematical errors are identified.
Views of Responsible Official(s)	I will carefully review my addition before turning my court cost into Chancery for payment.

Tax Assessor-Collector.

2018-002	<u>The Tax Assessor-Collector should collect interest on all late tax payments received.</u>
Repeat Finding	No
Criteria	Section 27-41-9(1), Miss. Code Ann. (1972), requires any person who fails to pay the tax levied and assessed against him when due, to pay, in addition to the amount of taxes unpaid after February 1, interest thereon at the rate of one percent (1%) per month, or fractional part thereof, from February 1 to the date of payment of such taxes..
Condition	Our testwork identified one ad valorem tax payment that was received after its initial due date of February 1 for which no penalty was charged.
Cause	Tax Assessor-Collector intentionally did not collect interest on the receipt due to an error on the initial assessment value for the taxpayer that was not the fault of the taxpayer but did not retain documentation of this decision.
Effect	Failure to collect interest on all delinquent tax payments could result in the loss of public funds.
Recommendation	The Tax Assessor-Collector should collect interest on all late tax payments received. If a manual override of system controls is performed, the Tax Assessor-Collector should ensure that thorough documentation is retained that explains the cause of the manual override.
Views of Responsible Official(s)	I will make sure this is done.

Tax Assessor-Collector.

2018-003	<u>The Tax Assessor-Collector should not make changes in assessments without approval by the Board of Supervisors.</u>
Repeat Finding	Yes
Criteria	Section 27-35-143 through 27-35-149, Miss. Code Ann. (1972), prescribes the procedures to be followed for making changes in assessments. Changes in assessment must be approved by the Board of Supervisors prior to changing the roll or the receipt.
Condition	As reported in the prior year audit report, the Tax Assessor-Collector changed a property assessment without the approval of the Board of Supervisors.
Cause	Poorly designed controls over the approval process regarding changes to property assessments.
Effect	Failure to follow proper procedures could result in the loss of public funds and increase the potential for changes in assessments to be made for improper reasons. The County is not in compliance with applicable statutes.
Recommendation	The Tax Assessor-Collector should comply with the provisions of the law when making assessment changes.

Views of Responsible Official(s) In the future I will make sure this is done.

Tax Assessor-Collector.

2018-004 Motor vehicle ad valorem tax settlements with the County for FY 2018 were incomplete.

Repeat Finding No

Criteria Section 27-51-25, Miss. Code Ann. (1972), requires the Tax Assessor-Collector to make proper settlements with appropriate political subdivisions for all taxes collected.

Condition From March, 2018, until after fiscal year ended September 30, 2018, an accounting system error resulted in the under-settlement with the County of motor vehicle ad valorem taxes collected. During FY 2018, approximately \$14,647 of motor vehicle taxes collected for the County were erroneously settled to another local entity. The Board of Supervisors was not notified of the error, and no corrective action has been taken by the Tax Assessor-Collector.

Cause Inadequate oversight of the accounting system program related to the collection and settlement of motor vehicle ad valorem taxes.

Effect Failure to make accurate settlements and notify the Board of Supervisors of significant errors could result in the loss of public funds.

Recommendation When significant errors are identified related to settlements with the County, the Tax Assessor-Collector should notify the Board of Supervisors in order to allow for corrective action. The Tax Assessor-Collector should notify the Board of Supervisors and the relevant local entity of the aforementioned issue in order to correct the error.

Views of Responsible Official(s) I will comply with this finding.

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

March 17, 2020

WEBSTER COUNTY

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WEBSTER COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

WEBSTER COUNTY

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WEBSTER COUNTY

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: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified? | None Reported |
| 3. Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

Circuit Clerk.

Material Weakness

2018-001	<u>Controls over cash collections and disbursements in the Circuit Clerk's office should be strengthened.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control should include an adequate separation of duties.
Condition	As reported in the prior nine years' audit reports, cash collection and disbursement functions in the Circuit Clerk's office are not adequately separated for effective internal control.
Cause	Insufficient staffing of the Circuit Clerk's office.
Effect	Failure to have an adequate separation of duties could result in the loss of public funds.
Recommendation	The Circuit Clerk's office should implement a system for review of the accounting records by another person.
Views of Responsible Official(s)	I have only one 'Deputy' so she and I basically have separate duties. She does look over the bookkeeping & has initialed it in the past.

Justice Court Clerk.

Material Weakness

2018-002	<u>Controls over cash collections and disbursements in the Justice Court Clerk's office should be strengthened.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control should include an adequate separation of duties.

WEBSTER COUNTY

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

Condition	As reported in the prior nine years' audit reports, cash collection and disbursement functions in the Justice Court office are not adequately separated for effective internal control. The Justice Court Clerk is involved in preparing deposits, calculating the monthly settlements, reconciling the bank statements, and disbursing funds.
Cause	Insufficient staffing of the Justice Court Clerk's office.
Effect	Failure to have an adequate separation of duties could result in the loss of public funds.
Recommendation	The Justice Court Clerk's office should implement a system for review of the accounting records by another person.
Views of Responsible Official(s)	We are getting a new computer system as of 2019.

Justice Court Clerk.

Material Weakness

2018-003	<u>Controls over accounting for cash collections in Justice Court should be strengthened.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control over cash collections in the Justice Court Clerk's office should include the proper recording of all collections and settlements in the cash journal and the reconciliation of the cash balances in the cash journals to the bank accounts each month.
Condition	As reported in the prior seven years' audit reports, the bond account was not properly reconciled to the cash balance reported in the Justice Court's cash journal.
Cause	Poorly designed controls over the reconciliation process.
Effect	Failure to properly reconcile cash balances per cash journal to bank account and to adequately document reconciling items could result in the loss of public funds.
Recommendation	The Justice Court Clerk should ensure that cash reported in the cash journals is properly reconciled to the bank accounts and implement a system for review of the accounting records by another person.
Views of Responsible Official(s)	We have limited staff.

WEBSTER COUNTY

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

Tax Assessor-Collector.

Material Weakness

2018-004	<u>Controls over cash collections and disbursements in the Tax Assessor-Collector's office should be strengthened.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control should include an adequate separation of duties.
Condition	As reported in the prior nine years' audit reports, cash collection and disbursement functions in the Tax Assessor-Collector's office are not adequately separated for effective internal control. The Tax Assessor-Collector prepares deposits, calculates the monthly settlements, posts to the cash journal, reconciles the bank statements and disburses all funds. We also noted that cash drawers cannot be locked.
Cause	Insufficient staffing of the Tax Assessor-Collector's office.
Effect	Failure to have an adequate separation of duties could result in the loss of public funds.
Recommendation	The Tax Assessor-Collector should implement a system for review of the accounting records by another person. The Tax Assessor-Collector should provide a separate locked cash drawer for each person collecting taxes.
Views of Responsible Official(s)	I only have two clerks & this seems impossible to do, but I will do my best to correct this.

Tax Assessor-Collector.

Material Weakness

2018-005	<u>Bank statements should be reconciled and have adequate supporting documentation.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control should include monthly reconciliations between the bank statement, the cash journal, and end of month reports.
Condition	The following deficiencies were noted: <ul style="list-style-type: none">a. The cash journal was not reconciled to the bank account at 9/30/2018.b. Several outstanding checks have been outstanding for over a year.c. The Mississippi Automated Registration Vehicle Information Network (MARVIN) end of month reports were not reconciled to the cash journal.
Cause	Poorly designed controls over the reconciliation process.
Effect	Failure to prepare accurate cash reconciliations and resolve discrepancies could result in the loss of public funds.

WEBSTER COUNTY

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

Recommendation	The Tax Assessor-Collector should design controls to ensure that accurate reconciliations are prepared each month. Any discrepancies that arise should be reviewed and corrected in the same month, which will prevent mistakes and errors from being carried forward. The Tax Assessor-Collector should ensure that the reconciled cash balance per the reconciliation always matches the cash journal balance. Long outstanding checks should be examined by the Tax Assessor-Collector and reissued if necessary.
Views of Responsible Official(s)	I will do my best to see that this is done correctly.