

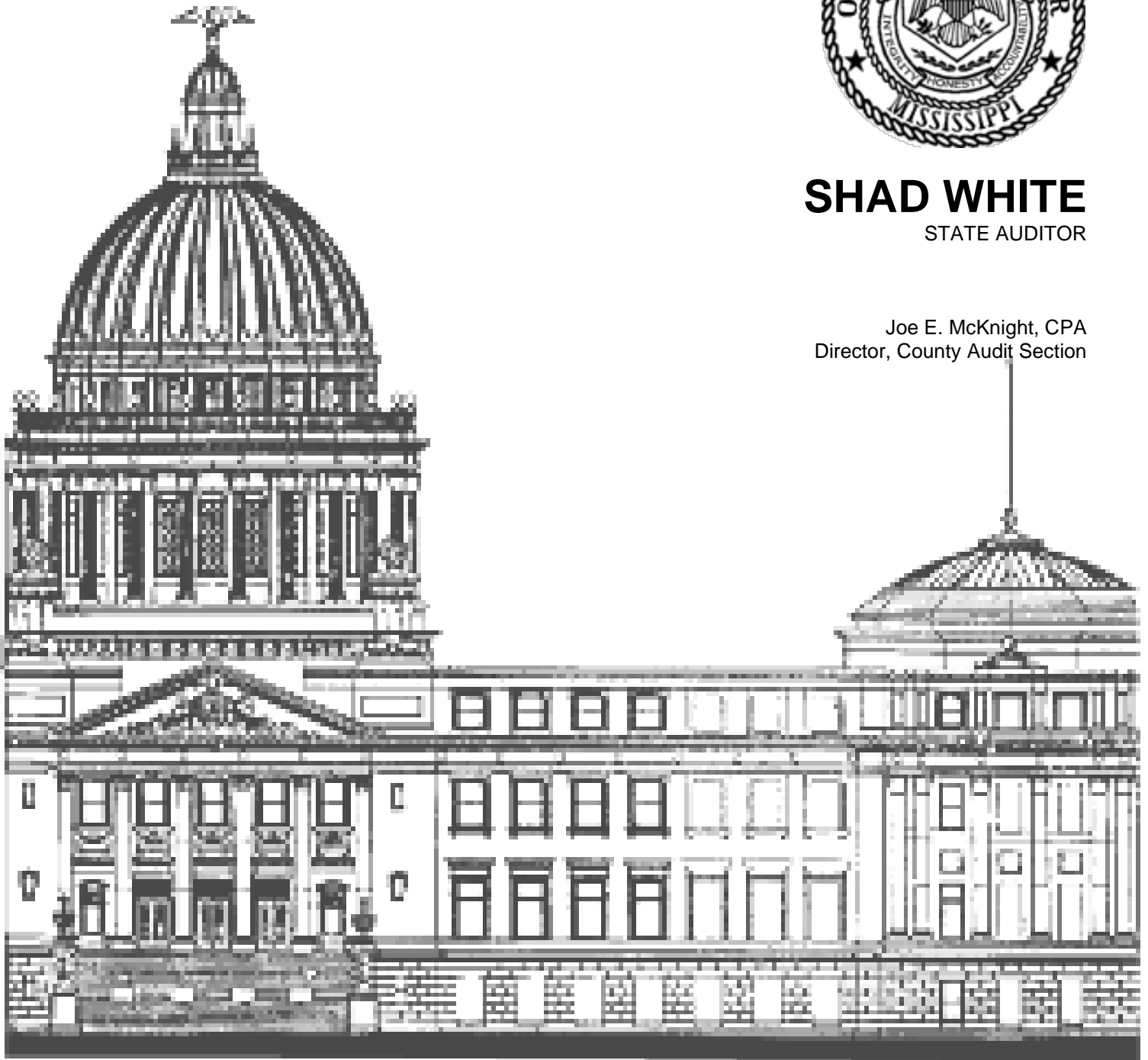
# WALTHALL COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2019



**SHAD WHITE**  
STATE AUDITOR

Joe E. McKnight, CPA  
Director, County Audit Section



A Report from the County Audit Section

[www.osa.state.ms.us](http://www.osa.state.ms.us)









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

**Shad White**  
AUDITOR

January 31, 2024

Members of the Board of Supervisors  
Walthall County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2019 financial and compliance audit report for Walthall 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 Walthall County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Walthall 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", enclosed within a large, loopy oval shape.

Shad White



WALTHALL COUNTY

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WALTHALL COUNTY

FINANCIAL SECTION

WALTHAM COUNTY

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

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Walthall County, Mississippi

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Walthall County, Mississippi, (the County) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

### ***Basis for Qualified Opinion on the General Fund***

Management did not maintain adequate subsidiary records documenting the existence and valuation of fines receivable of the Circuit Court for the aging of these fines receivable. Adequate subsidiary records were not maintained and preserved for the Circuit Court fines receivable aging schedules at September 30, 2019. Due to the nature of the County's records, we were unable to satisfy ourselves as to the fair presentation of fines receivable, net, reported in the General Fund at \$702,374, as of September 30, 2019. Also, because of the nature of the fines receivable records, we could not satisfy ourselves as to the fair presentation of the related transactions of the General Fund.

### ***Qualified Opinion***

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on the General Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the General Fund of Walthall County, Mississippi, as of September 30, 2019, and all respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the Solid Waste Fund and the aggregate remaining fund information of Walthall County, Mississippi, as of September 30, 2019, 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 January 31, 2024 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.

A handwritten signature in black ink, reading "Joe E. McKnight". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

JOE E. MCKNIGHT, CPA  
Director, County Audit Section.

January 31, 2024

WALTHALL COUNTY

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WALTHAM COUNTY

FINANCIAL STATEMENTS

WALTHALL COUNTY

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	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 13,094,541	105,945	13,200,486
Cash with fiscal agent	193,400		193,400
Property tax receivable	5,700,399		5,700,399
Accounts receivable (net of allowance for uncollectibles of \$1,043,124)		235,547	235,547
Fines receivable (net of allowance for uncollectibles of \$4,170,620)	702,374		702,374
Loans receivable	1,350,305		1,350,305
Intergovernmental receivables	131,858		131,858
Other receivables	2,086		2,086
Internal balances	53,249	(53,249)	0
Capital assets:			
Land and construction in progress	1,197,375	77,412	1,274,787
Other capital assets, net	13,871,137	575,604	14,446,741
Total Assets	<u>36,296,724</u>	<u>941,259</u>	<u>37,237,983</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	280,877	32,135	313,012
Total Deferred Outflows of Resources	<u>280,877</u>	<u>32,135</u>	<u>313,012</u>
<b>LIABILITIES</b>			
Claims payable	291,633	27,061	318,694
Intergovernmental payables	290,352		290,352
Accrued interest payable	28,400		28,400
Unearned revenue		46,666	46,666
Amounts held in custody for others	118,592		118,592
Other payables	8,912		8,912
Long-term liabilities			
Net pension liability	6,205,897	644,594	6,850,491
Due within one year:			
Capital debt	277,621	62,985	340,606
Non-capital debt	120,000		120,000
Due in more than one year:			
Capital debt	2,910,450	188,015	3,098,465
Non-capital debt	569,824	6,128	575,952
Total Liabilities	<u>10,821,681</u>	<u>975,449</u>	<u>11,797,130</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	100,520	9,736	110,256
Deferred revenues - property taxes	5,700,399		5,700,399
Total Deferred Inflows of Resources	<u>5,800,919</u>	<u>9,736</u>	<u>5,810,655</u>
<b>NET POSITION</b>			
Net investment in capital assets	11,880,441	402,016	12,282,457
Restricted for:			
General government	61,407		61,407
Public safety	574,382		574,382
Public works	2,326,305		2,326,305
Health and welfare	108,425		108,425
Culture and recreation	80,802		80,802
Economic development and assistance	18,024		18,024
Debt Service	636,513		636,513
Unemployment compensation	4,572		4,572
Unrestricted	4,264,130	(413,807)	3,850,323
Total Net Position	<u>\$ 19,955,001</u>	<u>(11,791)</u>	<u>19,943,210</u>

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

WALTHALL COUNTY  
Statement of Activities  
For the Year Ended September 30, 2019

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	Primary Government Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,406,718	530,986	76,180		(2,799,552)		(2,799,552)
Public safety	2,079,023	311,230	109,196	70,000	(1,588,597)		(1,588,597)
Public works	2,190,484		601,371	1,264,759	(324,354)		(324,354)
Health and welfare	155,469		83,848		(71,621)		(71,621)
Culture and recreation	49,723	1,303			(48,420)		(48,420)
Education	149,139				(149,139)		(149,139)
Conservation of natural resources	24,666				(24,666)		(24,666)
Economic development and assistance	68,851				(68,851)		(68,851)
Interest on long-term debt	86,564				(86,564)		(86,564)
Pension expense	736,736				(736,736)		(736,736)
Total Governmental Activities	8,947,373	843,519	870,595	1,334,759	(5,898,500)		(5,898,500)
Business-type activities:							
Solid Waste	873,814	717,312	21,900			(134,602)	(134,602)
Total Business-type Activities	873,814	717,312	21,900	0		(134,602)	(134,602)
Total Primary Government	\$ 9,821,187	1,560,831	892,495	1,334,759	(5,898,500)	(134,602)	(6,033,102)
General revenues:							
Property taxes					\$ 5,835,492		5,835,492
Road & bridge privilege taxes					188,781		188,781
Grants and contributions not restricted to specific programs					487,417		487,417
Unrestricted interest income					151,584	1,774	153,358
Miscellaneous					527,868	3,084	530,952
Total General Revenues					7,191,142	4,858	7,196,000
Changes in Net Position					1,292,642	(129,744)	1,162,898
Net Position - Beginning, as previously reported					18,616,631	117,953	18,734,584
Prior Period Adjustment					45,728		45,728
Net Position - Beginning, as restated					18,662,359	117,953	18,780,312
Net Position - Ending					\$ 19,955,001	(11,791)	19,943,210

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

WALTHAM COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2019

Exhibit 3

	Major Fund	Other Governmental Funds	Total Governmental Funds
	General Fund		
<b>ASSETS</b>			
Cash	\$ 9,228,859	3,865,682	13,094,541
Cash with fiscal agent	193,400		193,400
Property tax receivable	4,209,000	1,491,399	5,700,399
Fines receivable (net of allowance for uncollectibles of \$4,170,620)	702,374		702,374
Loans receivable	1,350,305		1,350,305
Intergovernmental receivables	122,457	9,401	131,858
Other receivables	2,086		2,086
Due from other funds	11,246	64,994	76,240
Advances to other funds	42,003		42,003
Total Assets	\$ 15,861,730	5,431,476	21,293,206
<b>LIABILITIES</b>			
Liabilities:			
Claims payable	\$ 190,386	101,247	291,633
Intergovernmental payables	281,897		281,897
Due to other funds	73,449		73,449
Amounts held in custody for others	118,592		118,592
Other payables	8,912		8,912
Total Liabilities	673,236	101,247	774,483
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue - property taxes	4,209,000	1,491,399	5,700,399
Unavailable revenue - fines	702,374		702,374
Total Deferred Inflows of Resources	4,911,374	1,491,399	6,402,773
<b>Fund balances:</b>			
Nonspendable:			
Advances	42,003		42,003
Restricted for:			
General government		61,407	61,407
Public safety		574,382	574,382
Public works		2,326,305	2,326,305
Health and welfare		108,425	108,425
Culture and recreation		80,802	80,802
Economic development and assistance		18,024	18,024
Debt service		664,913	664,913
Unemployment compensation		4,572	4,572
Unassigned	10,235,117		10,235,117
Total Fund Balances	10,277,120	3,838,830	14,115,950
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 15,861,730	5,431,476	21,293,206

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

## WALTHALL COUNTY

Exhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
September 30, 2019

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 14,115,950
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 \$15,734,110	15,068,512
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	702,374
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(3,877,895)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(6,205,897)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(28,400)
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	280,877
Deferred inflows of resources related to pensions	<u>(100,520)</u>
Total Net Position - Governmental Activities	\$ <u>19,955,001</u>

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

## WALTHAM COUNTY

Exhibit 4Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2019

	Major Fund	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
REVENUES			
Property taxes	\$ 4,320,840	1,514,652	5,835,492
Road and bridge privilege taxes		188,781	188,781
Licenses, commissions and other revenue	149,323	5,420	154,743
Fines and forfeitures	420,481	51,000	471,481
Intergovernmental revenues	598,956	2,093,815	2,692,771
Charges for services	91,982	143,974	235,956
Interest income	112,305	39,279	151,584
Miscellaneous revenues	371,353	156,515	527,868
Total Revenues	6,065,240	4,193,436	10,258,676
EXPENDITURES			
Current:			
General government	2,578,872	916	2,579,788
Public safety	1,676,371	669,248	2,345,619
Public works	24,100	2,760,295	2,784,395
Health and welfare	129,250		129,250
Culture and recreation	4,964		4,964
Education	149,139		149,139
Conservation of natural resources	54,826		54,826
Economic development and assistance	59,469	619,098	678,567
Debt service:			
Principal	160,000	267,581	427,581
Interest	65,400	24,631	90,031
Total Expenditures	4,902,391	4,341,769	9,244,160
Excess of Revenues over (under) Expenditures	1,162,849	(148,333)	1,014,516
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued		808,000	808,000
Proceeds from sale of capital assets		629	629
Transfers in	80,728	578,472	659,200
Transfers out	(264,068)	(395,132)	(659,200)
Total Other Financing Sources and Uses	(183,340)	991,969	808,629
Net Changes in Fund Balances	979,509	843,636	1,823,145
Fund Balances - Beginning	9,297,611	2,995,194	12,292,805
Fund Balances - Ending	\$ 10,277,120	3,838,830	14,115,950

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

## WALTHALL COUNTY

Exhibit 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, 2019

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 1,823,145
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$1,882,399 exceeded depreciation of \$663,286 in the current period.	1,219,113
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 \$976,450 and the proceeds from the sale of \$629 in the current period.	(977,079)
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.	(18,661)
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 proceeds of \$808,000 exceeded debt repayments of \$427,581.	(380,419)
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.	(12,026)
The amount of decrease in accrued interest payable.	2,538
The amortization of bond premium.	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	(736,736)
Recording of contributions made during the year	<u>371,838</u>
Change in Net Position of Governmental Activities	\$ <u><u>1,292,642</u></u>

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

WALTHAM COUNTY  
Statement of Net Position - Proprietary Fund  
September 30, 2019

Exhibit 5

	Business-type Activities - Enterprise Fund	Solid Waste Fund
<b>ASSETS</b>		
Current assets:		
Cash	\$	105,945
Accounts receivable (net of allowance for uncollectibles of \$1,043,124)		235,547
Total Current Assets		341,492
Noncurrent assets:		
Capital assets:		
Land		77,412
Other capital assets, net		575,604
Total Noncurrent Assets		653,016
Total Assets		994,508
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions		32,135
Total Deferred Outflows of Resources		32,135
<b>LIABILITIES</b>		
Current liabilities:		
Claims payable		27,061
Due to other funds		11,246
Advances from other funds		42,003
Unearned Revenue		46,666
Capital debt:		
Other long-term liabilities		62,985
Total Current Liabilities		189,961
Noncurrent liabilities:		
Net pension liability		644,594
Capital debt:		
Other long-term liabilities		188,015
Non-capital debt:		
Compensated absences payable		6,128
Total Noncurrent Liabilities		838,737
Total Liabilities		1,028,698
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions		9,736
Total Deferred Inflows of Resources		9,736
<b>NET POSITION</b>		
Net investment in capital assets		402,016
Unrestricted		(413,807)
Total Net Position	\$	(11,791)

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

## WALTHALL COUNTY

Exhibit 6

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund  
For the Year Ended September 30, 2019

	Business-type Activities - Enterprise Fund
	<u>Solid Waste Fund</u>
Operating Revenues	
Charges for services	\$ 717,312
Miscellaneous	3,084
Total Operating Revenues	<u>720,396</u>
Operating Expenses	
Personal services	430,888
Contractual services	199,168
Materials and supplies	74,903
Depreciation expense	75,591
Indirect administrative cost	11,246
Pension expense	81,594
Total Operating Expenses	<u>873,390</u>
Operating Income (Loss)	<u>(152,994)</u>
Nonoperating Revenues (Expenses)	
Interest income	1,774
Intergovernmental grants	21,900
Interest expense	(424)
Net Nonoperating Revenue (Expenses)	<u>23,250</u>
Changes in Net Position	(129,744)
Net Position - Beginning	<u>117,953</u>
Net Position - Ending	<u>\$ (11,791)</u>

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



WALTHAM COUNTY  
Statement of Cash Flows - Proprietary Fund  
For the Year Ended September 30, 2019

Exhibit 7

	Business-type Activities - Enterprise Fund
	Solid Waste Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 712,484
Payments to suppliers	(269,545)
Payments to employees	(472,273)
Miscellaneous Receipts	3,084
Net Cash Provided (Used) by Operating Activities	(26,250)
Cash Flows From Noncapital Financing Activities	
Intergovernmental grants received	21,900
Net Cash Provided (Used) by Noncapital Financing Activities	21,900
Cash Flows From Capital and Related Financing Activities	
Proceeds of long-term debt	251,000
Acquisition and construction of capital assets	(251,000)
Principal paid on long-term debt	(24,199)
Interest paid on debt	(626)
Net Cash Provided (Used) by Capital and Related Financing Activities	(24,825)
Cash Flows From Investing Activities	
Interest on deposits	1,774
Net Cash Provided (Used) by Investing Activities	1,774
Net Increase (Decrease) in Cash and Cash Equivalents	(27,401)
Cash and Cash Equivalents at Beginning of Year	133,346
Cash and Cash Equivalents at End of Year	\$ 105,945
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (152,994)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	75,591
Provision for uncollectible accounts	43,887
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(46,211)
Increase (decrease) in claims payable	4,526
Increase (decrease) in compensated absences liability	(204)
Increase (decrease) in pension liability, deferred inflows/outflows, net	40,413
Increase (decrease) in unearned revenue	(2,504)
Increase (decrease) in interfund payables	11,246
Total Adjustments	126,744
Net Cash Provided (Used) by Operating Activities	\$ (26,250)

Noncash Capital Financing Activity:

Waltham County lease purchased mobile equipment for \$251,000 for 3 years at 3.03% interest.  
Principal payments of \$24,199 were made on the lease during the year.

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

WALTHAM COUNTY  
Statement of Fiduciary Assets and Liabilities  
September 30, 2019

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 267,231
Due from other funds	<u>8,455</u>
Total Assets	<u>\$ 275,686</u>
LIABILITIES	
Intergovernmental payables	\$ 77,573
Other payables	<u>198,113</u>
Total Liabilities	<u>\$ 275,686</u>

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

## WALTHALL COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2019

#### (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. 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 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.

## WALTHALL COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2019

#### 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 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.

## WALTHALL COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2019

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 broad 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.

#### 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.

## WALTHALL COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2019

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 criteria 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 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.

## WALTHALL COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2019

#### I. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future periods 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 10 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 periods and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred revenues – property taxes/unavailable 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 10 for additional details.

#### 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.

## WALTHALL COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2019

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, 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.

*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,



## WALTHALL COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2019

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:

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.

# WALTHALL COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2019

### (2) Prior Period Adjustment.

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

#### Exhibit 2 – Statement of Activities – Governmental Activities.

Explanation	Amount
To correct prior year errors in capital assets, net.	\$ <u>45,728</u>

### (3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$13,467,717, and the bank balance was \$13,564,408. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by *Section 27-105-5, Mississippi Code of 1972 Annotated*. Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

### (4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2019:

#### A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Fund	\$ 11,246
Other Governmental Funds	General Fund	64,994
Agency Funds	General Fund	<u>8,455</u>
Total		\$ <u>84,695</u>

The receivables represent tax revenue and court revenue collected in September, 2019, but not settled until October, 2019, and the indirect cost from the Solid Waste Fund. All interfund balances are expected to be repaid within one year from the date of the financial statements.

WALTHALL COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2019

B. Advances from/to Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Fund	\$ 42,003

The advances represent interfund loans relating to indirect costs associated with solid waste operations. The advances are not expected to be repaid within one year from the date of the financial statements.

C. Transfers In/Out:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 80,728
Other Governmental Funds	General Fund	264,068
Other Governmental Funds	Other Governmental Funds	314,404
Total		\$ 659,200

The principal purpose of interfund transfers was to provide funds for capital outlay. All interfund transfers were routine and consistent with all activities of the fund making the transfer.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2019, consisted of the following:

Description	Amount
<b>Governmental Activities:</b>	
Legislative tax credit	\$ 86,247
Edward Byrne Justice Assistance Grant reimbursement	15,173
Emergency management performance grant reimbursement	13,654
Youth court reimbursement	7,038
Welfare reimbursement	7,106
Housing of prisoners reimbursement	2,640
Total Governmental Activities	\$ 131,858

(6) Loans Receivable.

On December 15, 2008, 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 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.

WALTHALL COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2019

Loans receivable balances at September 30, 2019, are as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Receivable Balance
108 Tylertown Bldg., LLC (Kalencom)	12/15/2008	3.00%	11/30/2028	\$ 719,806
85 Tylertown Bldg., LLC (Kalencom)	08/01/2014	3.00%	08/01/2034	630,499
Total				<u>\$ 1,350,305</u>

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2019

**Governmental activities:**

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments*	Balance Sept. 30, 2019
<u>Non-depreciable capital assets:</u>					
Land	\$ 217,964		35,000		182,964
Construction in progress	437,869	589,842	13,300		1,014,411
Total non-depreciable capital assets	655,833	589,842	48,300	0	1,197,375
<u>Depreciable capital assets:</u>					
Infrastructure	7,241,377		50		7,241,327
Buildings	11,443,097	619,098	1,475,936	45,728	10,631,987
Improvements other than buildings	404,893				404,893
Mobile equipment	5,885,275	590,459	24,913		6,450,821
Furniture and equipment	4,499,325		96,109		4,403,216
Leased property under capital leases	390,003	83,000			473,003
Total depreciable capital assets	29,863,970	1,292,557	1,597,008	45,728	29,605,247
<u>Less accumulated depreciation for:</u>					
Infrastructure	1,219,769	169,717			1,389,486
Buildings	5,205,704	159,275	559,309		4,805,670
Improvements other than buildings	202,667	16,203			218,870
Mobile equipment	4,622,540	240,484	22,422		4,840,602
Furniture and equipment	4,376,319	28,385	86,498		4,318,206
Leased property under capital leases	112,054	49,222			161,276
Total accumulated depreciation	15,739,053	663,286	668,229	0	15,734,110
Total depreciable capital assets, net	14,124,917	629,271	928,779	45,728	13,871,137
Governmental activities capital assets, net	<u>\$ 14,780,750</u>	<u>1,219,113</u>	<u>977,079</u>	<u>45,728</u>	<u>15,068,512</u>

WALTHALL COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2019

**Business-type activities:**

	Balance Oct. 1, 2018	Additions	Balance Sept. 30, 2019
<u>Non-depreciable capital assets:</u>			
Land	\$ 77,412		77,412
Total non-depreciable capital assets	77,412	0	77,412
<u>Depreciable capital assets:</u>			
Buildings	60,255		60,255
Mobile equipment	575,441		575,441
Leased property under capital leases		251,000	251,000
Total depreciable capital assets	635,696	251,000	886,696
<u>Less accumulated depreciation for:</u>			
Buildings	6,030	1,206	7,236
Mobile equipment	229,471	51,795	281,266
Leased property		22,590	22,590
Total accumulated depreciation	235,501	75,591	311,092
Total depreciable capital assets, net	400,195	175,409	575,604
Business-type activities capital assets, net	\$ 477,607	175,409	653,016

Depreciation expense was charged to the following functions:

	Amount
<b>Governmental activities:</b>	
General government	\$ 6,231
Public safety	155,100
Public works	417,680
Health and welfare	26,219
Culture and recreation	44,759
Economic development and assistance	13,297
Total governmental activities depreciation expense	\$ 663,286
	Amount
<b>Business-type activities:</b>	
Solid waste	75,591

# WALTHALL COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2019

Commitments with respect to unfinished capital projects at September 30, 2019, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
LSBP-74(21) - Bridge replacement Airport Road	\$ 30,436	November, 2019
LSBP-74(20) - Old Bethel Road / May Road	9,698	March, 2021

### (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, 2019, to January 1, 2020. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

### (9) Capital Leases.

#### As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2019:

<u>Classes of Property</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Mobile equipment	\$ 473,003	251,000
Less: Accumulated depreciation	(161,276)	(22,590)
Leased Property Under Capital Leases	\$ <u>311,727</u>	<u>228,410</u>

# WALTHALL COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2019

The following is a schedule by years of the total payments due as of September 30, 2019:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 57,990	6,829	62,985	10,073
2021	167,429	4,626	62,985	4,801
2022	30,400	1,930	125,030	2,865
2023	16,600	1,040		
2024	16,600	521		
Total	\$ 289,019	14,946	251,000	17,739

### (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 *Mississippi Code Annotated Section 25-11-1 et seq., (1972, as amended)* and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

**Benefits Provided.** Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 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.

# WALTHALL COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2019

**Contributions.** At September 30, 2019, 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, 2019 was 17.40% of annual covered payroll. This rate increased as of July 1, 2019 from 15.75%. 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, 2019, 2018 and 2017 were \$413,019, \$397,078 and \$380,664, 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, 2019, the County reported a liability of \$6,850,491 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019 net pension liability was 0.038941 percent, which was based on a measurement date of June 30, 2019. This was a decrease of 0.000151 percent from its proportionate share used to calculate the September 30, 2018 net pension liability, which was based on a measurement date of June 30, 2018.

For the year ended September 30, 2019, the County recognized pension expense of \$818,330. At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,069	
Net difference between projected and actual earnings on pension plan investments		88,291
Changes of assumptions	67,152	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	134,267	21,965
County contributions subsequent to the measurement date	107,524	
Total	<u>\$ 313,012</u>	<u>110,256</u>

\$107,524 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30	Amount
2020	\$ 132,405
2021	(82,648)
2022	14,199
2023	31,276
Total	<u>95,232</u>



# WALTHALL COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2019

Actuarial Assumptions. The total pension liability as of June 30, 2019 was determined by actuarial valuation prepared as of June 30, 2018. Subsequent to the June 30, 2018 valuation, the Board adopted new actuarial assumptions based on the experience investigation for the four-year period ending June 30, 2018. The following actuarial assumptions are applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.00 – 18.25 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS.H-2010(B) Retiree Table with the following adjustments: For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119. For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75-119.

Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The long-term expected rate of return on pension plan investments was determined using a lognormal 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 most recent target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	27.00 %	4.90
International Equity	22.00	4.75
Global Equity	12.00	5.00
Fixed Income	20.00	1.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.25
Total	<u>100.00 %</u>	

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 contribution rate (17.40%). 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.

# WALTHALL COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2019

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	\$ 9,005,207	6,850,491	5,071,965

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, 2019, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
A. General Obligation Bonds:			
General Obligation Refunding Bonds, Series 2016	\$ <u>2,610,000</u>	2.00 - 2.50%	10/2032
B. Capital Leases:			
Caterpillar 120M motor grader	145,219	1.90%	06/2021
2018 Freightliner truck	41,400	2.68%	06/2022
Emulsion storage tank	19,400	2.75%	06/2021
KW truck w/ body	<u>83,000</u>	3.09%	06/2024
Total Capital Leases	\$ <u>289,019</u>		
C. Other Loans:			
Fire truck	\$ 35,530	2.00%	02/2023
2018 Pumper truck	135,442	3.00%	03/2028
2018 Dodge	10,000	3.15%	06/2021
2020 Deep South fire truck	60,000	3.65%	06/2024
Pothole patcher	36,000	3.65%	06/2023
MS road maintenance notes	<u>600,000</u>	2.98%	04/2024
Total Other Loans	\$ <u>876,972</u>		

# WALTHALL COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2019

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
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### Business-type Activities:

#### A. Capital Leases:

Solid Waste trucks	\$ <u>251,000</u>	3.03%	09/2022
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Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2020	\$ 165,000	55,150	174,631	27,016
2021	165,000	51,850	175,274	21,675
2022	170,000	48,500	170,934	16,354
2023	175,000	45,050	160,161	11,265
2024	175,000	41,550	136,015	6,241
2025 - 2029	935,000	152,350	59,957	3,314
2030 - 2034	<u>825,000</u>	<u>41,563</u>		
Total	\$ <u>2,610,000</u>	<u>436,013</u>	<u>876,972</u>	<u>85,865</u>

**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, 2019, the amount of outstanding debt was equal to 2.39 percent (2.39%) of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2019:

WALTHALL COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2019

	Balance Oct. 1, 2018	Additions	Reductions	Balance Sept. 30, 2019	Amount due within one year
<b>Governmental Activities:</b>					
Compensated absences	\$ 77,798	12,026		89,824	
General obligation bonds	2,770,000		160,000	2,610,000	165,000
Less:					
Premiums	13,009		929	12,080	
Capital leases	276,762	83,000	70,743	289,019	57,990
Other loans	348,810	725,000	196,838	876,972	174,631
<b>Total</b>	<b>\$ 3,486,379</b>	<b>820,026</b>	<b>428,510</b>	<b>3,877,895</b>	<b>397,621</b>

	Balance Oct. 1, 2018	Additions	Reductions	Balance Sept. 30, 2019	Amount due within one year
<b>Business-type Activities:</b>					
Compensated absences	\$ 6,332	-	204	6,128	
Capital leases	24,200	251,000	24,200	251,000	62,985
<b>Total</b>	<b>\$ 30,532</b>	<b>251,000</b>	<b>24,404</b>	<b>257,128</b>	<b>62,985</b>

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

(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 \$4,264,130 includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$96,803 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, 2020.

## WALTHALL COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2019

The \$184,074 balance of the deferred outflows of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next three years. The \$100,520 balance of the deferred inflows of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next four years.

The business-type activities' unrestricted net position amount of (\$413,807) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pensions in the amount of \$10,721 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, 2020. The \$21,414 balance of the deferred outflows of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next three years. The \$9,736 balance of the deferred inflows of resources related to pensions at September 30, 2019, will be recognized in pension expense over the next four years.

#### (14) Joint Venture.

The County participates in the following joint venture:

Walthall County is a participant with the counties of Amite and Pike in a joint venture, authorized by Section 39-3-11, Mississippi Code of 1972 Annotated, 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 \$118,523 in fiscal year 2019. Complete financial statements for the Pike-Amite-Walthall Regional Library System can be obtained from 1022 Virginia Avenue, McComb, MS 39648.

#### (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 appropriated \$413,640 for operations and maintenance of the college in fiscal year 2019.

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 appropriated \$9,094 for support of the district in fiscal year 2019.

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 appropriated \$17,313 for its support in fiscal year 2019.

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.

# WALTHALL COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2019

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 appropriated \$40,000 for support of the district in fiscal year 2019.

### (16) Tax Abatements.

As of September 30, 2019, Walthall County provides tax exempt status to two 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 mandatory mill and the community college tax levies. These exemptions are authorized under *Sections 27-31-101 and 27-31-105 of the Mississippi Code of 1972 Annotated*. These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2019 totaled \$17,298.

### (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 January 31, 2024, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2019, the County issued the following debt obligations:

<u>Issue</u>	<u>Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
04/15/2020		2.00%	\$ 53,323	Capital lease	Ad valorem taxes
04/24/2020		2.23%	152,900	Capital lease	Ad valorem taxes
03/30/2021		1.27%	632,000	Other Loan	Ad valorem taxes

## WALTHAM COUNTY

### REQUIRED SUPPLEMENTARY INFORMATION

WALTHAM COUNTY

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WALTHALL COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2019  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 4,255,632	4,322,119	4,322,119	
Licenses, commissions and other revenue	150,000	146,571	146,571	
Fines and forfeitures	125,000	409,752	409,752	
Intergovernmental revenues	580,000	637,109	637,109	
Charges for services	21,000	52,422	52,422	
Interest income	64,865	112,030	112,030	
Miscellaneous revenues	232,020	390,185	390,185	
Total Revenues	<u>5,428,517</u>	<u>6,070,188</u>	<u>6,070,188</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,729,735	2,585,774	2,585,774	
Public safety	1,926,426	1,664,336	1,664,336	
Public works	59,020	23,204	23,204	
Health and welfare	153,946	150,621	150,621	
Culture and recreation	60,100	5,457	5,457	
Education	275,000	246,487	246,487	
Conservation of natural resources	66,500	67,062	67,062	
Economic development and assistance	447,594	72,056	72,056	
Debt service:				
Principal		165,000	165,000	
Interest		63,800	63,800	
Total Expenditures	<u>5,718,321</u>	<u>5,043,797</u>	<u>5,043,797</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(289,804)</u>	<u>1,026,391</u>	<u>1,026,391</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	90,000	405,156	405,156	
Transfers out	(476,250)	(588,495)	(588,495)	
Other financing sources	86,000			
Total Other Financing Sources and Uses	<u>(300,250)</u>	<u>(183,339)</u>	<u>(183,339)</u>	<u>0</u>
Net Change in Fund Balance	(590,054)	843,052	843,052	0
Fund Balances - Beginning	<u>5,382,000</u>	<u>8,000,018</u>	<u>8,000,018</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 4,791,946</u>	<u>8,843,070</u>	<u>8,843,070</u>	<u>0</u>

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

WALTHALL COUNTY  
Schedule of the County's Proportionate Share of the Net Pension Liability  
Last 10 Fiscal Years\*  
For the Year Ended September 30, 2019  
UNAUDITED

	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset)	0.038941%	0.039092%	0.038514%	0.034478%	0.036479%
County's proportionate share of the net pension liability (ass	\$ 6,850,491	6,502,162	6,402,334	6,158,632	5,638,934
Covered payroll	\$ 2,536,144	2,496,389	2,470,679	2,205,663	2,278,990
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	270.11%	260.46%	259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	61.59%	62.54%	61.49%	57.47%	61.70%

\* The amounts presented for each fiscal year were determined as of the twelve months ended at the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, 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  
Schedule of County Contributions  
Last 10 Fiscal Years\*  
For the Year Ended September 30, 2019  
UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 413,019	397,078	380,664	357,136	359,781
Contributions in relation to the contractually required contribution	<u>413,019</u>	<u>397,078</u>	<u>380,664</u>	<u>357,136</u>	<u>359,781</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	\$ 2,557,393	2,521,124	2,416,910	2,267,530	2,284,321
Contributions as a percentage of covered payroll	16.15% **	15.75%	15.75%	15.75%	15.75%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

\*\* The employer's rate at September 30, 2019 was 17.40% of annual covered payroll. This rate increased as of July 1, 2019 from 15.75%.

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

WALTHAM COUNTY

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# WALTHALL COUNTY

## Notes to the Required Supplementary Information For the Year Ended September 30, 2019 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 make revisions to the budget.

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

### B. Basis of Presentation.

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

### C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund <u>Type</u>
	<u>General Fund</u>
Budget (Cash Basis)	\$ 843,052
Increase (Decrease)	
Net adjustments for revenue accruals	(329,376)
Net adjustments for expenditure accruals	<u>465,833</u>
GAAP Basis	\$ <u><u>979,509</u></u>

## WALTHALL COUNTY

### Notes to the Required Supplementary Information For the Year Ended September 30, 2019 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 assumptions 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 experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6.00% to 7.00%.

###### 2019

The expectation of retired life mortality was changed to the PubS.H-2010(B) Retiree Table with the following adjustments:

For males, 112% of male rates from ages 18 to 75 scaled down to 105% for ages 80 to 119.

For females, 85% of the female rates from ages 18 to 65 scaled up to 102% for ages 75 to 119.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The expectation of disabled mortality was changed to PubT.H-2010 Disabled Retiree Table for disabled retirees with the following adjustments:

For males, 137% of male rates at all ages.

For females, 115% of female rates at all ages.

Projection scale MP-2018 will be used to project future improvements in life expectancy generationally.

The price inflation assumption was reduced from 3.00% to 2.75%.

The wage inflation assumption was reduced from 3.25% to 3.00%.

WALTHALL COUNTY

Notes to the Required Supplementary Information  
For the Year Ended September 30, 2019  
UNAUDITED

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

The percentage of active member disabilities assumed to be in the line of duty was increased from 7% to 9%.

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.

Method and assumptions used in calculations of actuarially determined contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (June 30, 2017 valuation for the June 30, 2019 fiscal year end). 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	38.4 years
Asset valuation method	5-year smoothed market
Price inflation	3.00 percent
Salary increase	3.25 percent to 18.50 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

WALTHAM COUNTY

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## WALTHAM COUNTY

## OTHER INFORMATION

WALTHAM COUNTY

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WALTHALL COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2019  
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
Julie Marie Ginn	Receiving Clerk	Western Surety Company	\$50,000
Henry Earl Warren	Assistant Receiving Clerk	Western Surety Company	\$50,000
Sherman Lavelle Smith	Assistant Receiving Clerk	Western Surety Company	\$50,000
Donnie Lavell Branch	Assistant Receiving Clerk	Western Surety Company	\$50,000
Jackie Glen Hartley	Assistant Receiving Clerk	Western Surety Company	\$50,000
Daniel Thornton, Jr.	Assistant Receiving Clerk	Western Surety Company	\$50,000
David Howard Johnson	Assistant Receiving Clerk	Western Surety Company	\$50,000
Larheta Magee Dunaway	Purchase 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 Jene 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
Justin Reed Dyar	Sheriff's Deputy (hired under Section 45-5-9, Miss. Code Ann. (1972))	Western Surety Company	\$50,000
Joe Michael Williams	Sheriff's Deputy (hired under Section 45-5-9, Miss. Code Ann. (1972))	Western Surety Company	\$50,000
David Ryan Bruhl	Justice Court Judge	Western Surety Company	\$50,000
Carl Montgomery Jr.	Justice Court Judge	Western Surety Company	\$50,000
Janet Zoe Laird	Justice Court Clerk	Western Surety Company	\$50,000
Paula Ann Reid	Deputy Justice Court Clerk	Western Surety Company	\$50,000
LaShanda Magee	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Peggy Hillburn	Tax Assessor-Collector	Western Surety Company	\$100,000
Kandi Rae Crain	Deputy Tax Collector	Western Surety Company	\$50,000
Amy Binder Hill	Deputy Tax Collector	Western Surety Company	\$50,000
Kelli Lea Boyd	Deputy Tax Collector	Western Surety Company	\$50,000
Angela Shanta Craft	Deputy Tax Collector	Western Surety Company	\$50,000
Carla M. Johnson	Deputy Tax Collector	Western Surety Company	\$50,000
Abby Kennedy	Deputy Tax Collector	Western Surety Company	\$50,000

WALTHAM COUNTY

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## WALTHAM COUNTY

## SPECIAL REPORTS

WALTHAM 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  
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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 31, 2024. Our report includes a qualified opinion on the General Fund because the County did not maintain and preserve adequate subsidiary records documenting the existence and valuation of the Circuit Court fines receivable, net and the aging of these receivables at September 30, 2019.

**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 2019-001, 2019-002, 2019-003, 2019-004, 2019-005, 2019-006, 2019-007 and 2019-008 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 deficiency described in the accompanying Schedule of Findings and Responses as 2019-009 to be a significant deficiency.

## **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 2019-004, 2019-005 and 2019-006.

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 January 31, 2024, 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.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

January 31, 2024





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

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

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, Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with bid requirements of *Section 31-7-13, Mississippi Code of 1972 Annotated* during the year ended September 30, 2019. 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 / Chancery Clerk.**

1. The Receiving Clerk and Purchase Clerk should be bonded in accordance with state law.

**Repeat Finding** Yes

**Criteria** *Section 31-7-124, Mississippi Code of 1972 Annotated*, requires the Purchase Clerk and Receiving Clerk to execute a bond for \$75,000.

**Condition** As reported in the prior three years' audit reports, the Receiving Clerk and the Purchase Clerk were only bonded for \$50,000 instead of \$75,000, as required by law.

<b>Cause</b>	The Board of Supervisors and Chancery Clerk did not comply with state laws.
<b>Effect</b>	In the event of a loss of public funds involving the Receiving Clerk and Purchase Clerk, the funds available to the County for recovery would be limited.
<b>Recommendation</b>	The Board of Supervisors should execute bonds for the Receiving Clerk and Purchase in the amount of \$75,000, as required by law.
<b>Views of Responsible Official(s)</b>	We will comply.

#### **Inventory Control Clerk**

2. The Inventory Control Clerk should maintain an inventory control system.

**Repeat Finding** Yes

**Criteria** *Section 31-7-107, Mississippi Code of 1972 Annotated*, 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 reported in the prior two years' audit reports, test results indicated the following discrepancies in the capital asset records:

- a. Asset #3604 was purchased in the current year was recorded on the inventory system as having been purchased in fiscal year 2017.
- b. Asset #3469, a Lenovo keyboard, was misclassified as a bridge since fiscal year 2018.
- c. Assets #3695 and 3696, a light bar and control box, were misclassified as being land.
- d. Assets #3676, 3677 and 3680 were added to inventory without necessary back-up cost documentation.

**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)** We are working on these issues.

## Purchase Clerk

3. The Purchase Clerk should properly complete purchasing documentation.

**Repeat Finding** No

**Criteria** *Section 31-7-115, Mississippi Code of 1972 Annotated*, requires that the audit report include a schedule of purchases not made from the lowest bidder, a schedule of emergency purchases, and a schedule of purchases made noncompetitively from a sole source.

**Condition** The purchase clerk schedules were not completed by the Purchase Clerk.

**Cause** The Purchase Clerk did not comply with state laws.

**Effect** The failure to maintain accurate purchasing records and complete the purchase clerk schedules could result in violation of state purchasing statutes and/or the misappropriation of public funds.

**Recommendation** The Purchase Clerk should implement procedures to ensure that all purchases meeting the specified criteria are recorded on the applicable schedule.

**Views of Responsible Official(s)** All of this occurred before my employment at the County.

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, 2019.

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



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

January 31, 2024

WALTHALL COUNTY

Schedule of Purchases From Other Than the Lowest Bidder  
For the Year Ended September 30, 2019

Schedule 1

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

WALTHALL COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2019

Schedule 2

Our tests did not identify any emergency purchases.

WALTHALL COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2019

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



**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  
Walthall County, Mississippi

In planning and performing our audit of the financial statements of Walthall County, Mississippi for the year ended September 30, 2019, 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 January 31, 2024, 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, Mississippi Code of 1972 Annotated*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified 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. Unemployment Compensation Fund's cash balance below required amount.

**Repeat Finding**      Yes

**Criteria**      *Section 71-5-359(f), Mississippi Code of 1972 Annotated*, 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) of covered wages paid during the next year.

**Condition**      As reported in the prior three years' audit reports, our testing procedures indicated that the County's Unemployment Compensation Fund was underfunded in the amount of \$11,052 as of September 30, 2019. Furthermore, we noted that unemployment benefits in the amount of \$3,091 were paid from funds other than the Unemployment Compensation Fund in fiscal year 2019.

<b>Cause</b>	The County did not comply with state laws and maintain the required fund balance for the Unemployment Compensation Fund.
<b>Effect</b>	The failure to maintain the required amount in the Unemployment Compensation Fund resulted in the County being in direct violation of state law.
<b>Recommendation</b>	The Board of Supervisors should ensure that an amount is maintained in the Unemployment Compensation Fund of not less than two percent (2%) of the first six thousand dollars (\$6,000) of covered wages paid during the next preceding year, as required by law.
<b>Views of Responsible Official(s)</b>	All of this occurred before my employment at the County.
<b>2.</b>	<u>Surety Bonds should be approved in accordance with state law.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	<i>Section 25-1-19(1), Mississippi Code Annotated (1972)</i> , requires the Board of Supervisors to approve the bonds of the Chancery Clerk, 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.
<b>Condition</b>	As reported in the prior three years' audit reports, during our test work, we noted that no bonds were approved in fiscal year 2019 by the Board of Supervisors or the Chancery Clerk.
<b>Cause</b>	The County did not comply with state laws.
<b>Effect</b>	The failure to approve surety bonds for County officers and employees resulted in some employees not being bonded, as required by state law.
<b>Recommendation</b>	The Board of Supervisors should implement procedures to ensure all bonds are approved as required by state law.
<b>Views of Responsible Official(s)</b>	We will comply.
<b>3.</b>	<u>The County should establish a separate Court Administration Fund.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	<i>Section 9-17-5, Mississippi Code of 1972 Annotated</i> , requires the County to establish a separate fund for amounts collected for court administrator fees.
<b>Condition</b>	The County is depositing amounts collected for court administrator fees into the General Fund. Amounts collected during fiscal year 2019 totaled \$1,066.
<b>Cause</b>	The County did not comply with state laws.
<b>Effect</b>	The failure to properly account for court administrator fees could result in the misappropriation of public funds.
<b>Recommendation</b>	The County should set up a separate fund to account for the court administrator fees.



**Views of Responsible  
Official(s)**

We are working on this.

**Chancery Clerk.**

**4.** The Chancery Clerk should reconcile the land redemption account monthly.

**Repeat Finding** No

**Criteria** An effective internal control system should include the Chancery Clerk reconciling the land redemption bank account to unsettled releases on a monthly basis.

**Condition** We noted during our audit that the land redemption account was short \$3,698 when reconciled to unsettled releases.

**Cause** The Chancery Clerk lacked the necessary internal controls to ensure that the land redemption account has been reconciled.

**Effect** The failure to reconcile the land redemption account could result in the misappropriation of public funds.

**Recommendation** The Chancery Clerk should implement a system that includes reconciling the land redemption bank account to unsettled releases each month.

**Views of Responsible  
Official(s)**

I will work on identifying this discrepancy.

**Circuit Clerk and Board of Supervisors.**

**5.** All fee bills for attending Circuit Court should be approved and signed by the judge.

**Repeat Finding** Yes

**Criteria** *Section 25-7-13(2)(m), Mississippi Code of 1972 Annotated*, authorizes the Circuit Court Clerk to charge the County \$50 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 two years' audit reports, twelve (12) 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 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 all fee bills are signed by the judge before issuing payment to the Circuit Clerk.

**Views of Responsible  
Official(s)**

We will comply.

<b>6.</b>	<u>The Circuit Court Clerk should settle unidentifiable/unclaimed funds to the County.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	<i>Section 27-105-371, Mississippi Code of 1972 Annotated</i> , 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.
<b>Condition</b>	As of September 30, 2019, there were unidentified funds in the amount of \$91,446 in the Circuit Clerk's bank accounts composed of \$66,716 in the criminal account and \$24,730 in the civil account.
<b>Cause</b>	The Circuit Clerk did not comply with state laws.
<b>Effect</b>	The failure to timely settle any unidentifiable funds to the County could result in the loss or misappropriation of public funds.
<b>Recommendation</b>	The Circuit Court Clerk should settle all unidentifiable and/or unclaimed funds to the County's General Fund.
<b>Views of Responsible Official(s)</b>	We are presently attempting to comply with this deficiency.
<b>Justice Court Clerk.</b>	
<b>7.</b>	<u>The Justice Court Clerk should settle unidentifiable funds to the County.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	<i>Section 27-105-371, Mississippi Code of 1972 Annotated</i> , 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.
<b>Condition</b>	As reported in the prior three years' 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, 2019, unidentifiable/unclaimed funds in the amount of \$4,359 remained in the custody of the Justice Court Clerk.
<b>Cause</b>	The Justice Court Clerk did not comply with state laws.
<b>Effect</b>	The failure to settle any unidentifiable funds to the County could result in the loss or misappropriation of public funds.
<b>Recommendation</b>	The Justice Court Clerk should settle all unidentifiable and/or unclaimed funds to the County's General Fund.
<b>Views of Responsible Official(s)</b>	I will comply.
<b>8.</b>	<u>The Justice Court Clerk should report to the Board of Supervisors on a monthly basis.</u>
<b>Repeat Finding</b>	Yes

<b>Criteria</b>	<i>Section 9-11-19(1), Mississippi Code of 1972 Annotated</i> , 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.
<b>Condition</b>	As reported in the two prior years' audit reports, 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.
<b>Cause</b>	The Justice Court Clerk did not comply with state laws.
<b>Effect</b>	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 or misappropriation of public funds.
<b>Recommendation</b>	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.
<b>Views of Responsible Official(s)</b>	I will comply.

#### **Tax Assessor-Collector / Deputy Tax Collectors.**

<b>9.</b>	<u>The Deputy Tax Collectors should be bonded in accordance with state law</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	<i>Section 27-1-9(a), Mississippi Code of 1972 Annotated</i> , states that each deputy tax collector shall give bond to be payable, conditioned and approved as provided by law in an amount not less than Fifty Thousand Dollars (50,000) for the faithful discharge of his duties.
<b>Condition</b>	During test work, we noted the Deputy Tax Collectors were not bonded for the entire fiscal year.
<b>Cause</b>	The County did not comply with state laws.
<b>Effect</b>	The failure to be correctly and sufficiently bonded could result in the loss of public funds.
<b>Recommendation</b>	The County should ensure that the Deputy Tax Collectors are bonded, as required by law.
<b>Views of Responsible Official(s)</b>	We will comply.

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.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

January 31, 2024

WALTHAM COUNTY

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## WALTHAM COUNTY

### SCHEDULE OF FINDINGS AND RESPONSES

WALTHAM COUNTY

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WALTHALL COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2019

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	Qualified
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**

**2019-001.** Multiple weakness were noted in the County's internal controls over cash.

**Repeat Finding:** Yes

**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 three years' audit reports, we noted the following deficiencies during our audit:

- a. Multiple errors in recording cash receipts as to the correct amount and the correct account.
- b. Significant delays and discrepancies between dates of receipt warrants, the date receipts were deposited, and transaction dates recorded in the accounting records.
- c. Reconciliations of County bank accounts were not performed on a timely basis.
- d. The Accounts Payable Clerk receipts collections, posts the receipts to the general ledger, prepares all bank deposits, receives all invoices submitted for payment and posts them to the claims docket, prepares the claims docket, prints checks and signs them with the Chancery Clerk's signature stamp, and delivers the checks to the post office.

**Cause:** The County lacked the necessary internal controls over cash.

WALTHALL COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2019

<b>Effect:</b>	The failure to have an adequate system of internal controls over cash could result in the loss or misappropriation of public funds.
<b>Recommendation:</b>	The Board of Supervisors should implement an adequate system of internal controls over cash.
<b>Views of Responsible Official(s)</b>	We will comply.

**Material Weakness**

**2019-002.** Processing of payroll and other payroll duties not adequately segregated.

**Repeat Finding** Yes

**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 three years' 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 were stored together in an unsecure location in the Payroll Clerk's office.
- e. Personnel files were stored in an unsecure location in the Payroll Clerk's office.
- f. Personnel files contained no documentation for payroll or employment status changes.
- g. Individuals were frequently allowed to work for the county before completing any required payroll forms or screenings.
- h. There was 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 were made to timekeeping records based on information received verbally from employees.
- j. The mathematical accuracy of timekeeping records was not verified by the Payroll Clerk.
- k. Discrepancies existed 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** The 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 control that will ensure proper segregation of duties exists with respect to control of the general ledger, the processing payroll and other payroll duties.



WALTHALL COUNTY

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**Views of Responsible  
Official(s)**

All of this occurred before my time.

**Material Weakness**

**2019-003.** Controls over cash collections and disbursements in the Solid Waste Office should be strengthened.

**Repeat Finding** Yes

**Criteria** An effective system of internal control includes an adequate segregation of duties, maintenance of a cash journal, and monthly reconciliations of the bank statement to the cash journal.

**Condition** As reported in the prior three years' audit reports, in addition to receiving payments, the Solid Waste Clerk also completes the daily checkup sheets, prepares bank deposits and takes them to the bank, prepares the monthly settlement to the County, and writes and signs the settlement check. A cash journal is not maintained in the Solid Waste office and bank reconciliations are not performed.

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

**Effect** These conditions could result in unrecorded transactions, undetected errors, or misappropriation of public funds.

**Recommendation** The Board of Supervisors should implement effective internal control policies that allow for the proper segregation of duties, maintenance of a cash journal, and monthly reconciliations of the bank statements to the cash journal in the Solid Waste Office.

**Views of Responsible  
Official(s)**

We will comply as soon as possible.

**Material Weakness  
Material Noncompliance**

**2019-004.** Controls over the levying of ad valorem taxes should be strengthened.

**Repeat Finding** Yes

**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 the taxes are being levied.

**Condition** As reported in the prior three years' audit reports, the following errors were noted in the tax levy for fiscal year 2019:

- a. The Board order includes a 2.00 mill levy "For Retirement of Road Fund Bond and Interest". The County had no road bonds outstanding during the fiscal year. Furthermore, the Code Section cited in this levy, 19-9-1, does not authorize the County to levy a tax for any such purpose.

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- b. Section 3 of the levy includes the citation of *Section 37-21-1, Mississippi Code of 1972 Annotated*, 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.

<b>Cause</b>	The County lacked the necessary internal controls over the levying of ad valorem taxes.
<b>Effect</b>	Failure to appropriately levy ad valorem taxes resulted in unauthorized collection of ad valorem taxes for fiscal year 2019.
<b>Recommendation</b>	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.
<b>Views of Responsible Official(s)</b>	We have already complied.

**Material Weakness**  
**Material Noncompliance**

<b>2019-005.</b>	<u>Controls over the repayment of interfund loans should be strengthened.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	The Mississippi Code is silent regarding the authority of the County to make interfund loans.
<b>Condition</b>	As reported in the prior two years' audit reports, the County had interfund loans in the amount of \$42,003 that had been outstanding for over a year. These loans represent reimbursements of indirect costs due from the Solid Waste department to the County's general fund.
<b>Cause</b>	The County lacked the necessary internal controls to ensure that interfund loans were repaid within one year.
<b>Effect</b>	The failure to appropriately levy ad valorem taxes resulted in unauthorized collection of ad valorem taxes for fiscal year 2019.
<b>Recommendation</b>	The Board of Supervisors should ensure all advances are repaid.
<b>Views of Responsible Official(s)</b>	This issue occurred before my time. We are working to clear this up.

**Inventory Control Clerk.**

**Material Weakness**  
**Material Noncompliance**

<b>2019-006.</b>	<u>The Inventory Control Clerk should maintain an inventory control system.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	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

## WALTHALL COUNTY

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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.

<b>Condition</b>	<p>As reported in the prior three years' audit reports, during our test work, we noted the following deficiencies in the capital asset records:</p> <ul style="list-style-type: none"><li>a. Asset #3604 was purchased in the current year was recorded on the inventory system as having been purchased in fiscal year 2017.</li><li>b. Asset #3469, a Lenovo keyboard, was misclassified as a bridge since fiscal year 2018.</li><li>c. Assets #3695 and 3696, a light bar and control box, were misclassified as being land.</li><li>d. Assets #3676, 3677 and 3680 were added to inventory without necessary back-up cost documentation.</li></ul>
<b>Cause</b>	The County lacked the necessary internal controls over the inventory control system.
<b>Effect</b>	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.
<b>Recommendation</b>	The Inventory Control Clerk should establish adequate control procedures to maintain accurate inventory records documenting the existence, valuation, and completeness of capital assets.
<b>Views of Responsible Official(s)</b>	We are working on these issues.
<b>Circuit Clerk.</b>	
<b>Material Weakness</b>	
<b>2019-007.</b>	<u>Controls in the Circuit Clerk's Office should be strengthened.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	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 adequate segregation of duties.
<b>Condition</b>	<p>As reported in the prior two years' audit reports, the following deficiencies were noted:</p> <ul style="list-style-type: none"><li>a. Cash journals were not used.</li><li>b. Bank statements were not reconciled.</li><li>c. Bank deposits were not made on a daily basis.</li><li>d. White-out and/or correction tape was used on documents.</li><li>e. Amounts received at the end of a month were sometimes comingled and deposited with the subsequent month's receipts.</li><li>f. Although pre-numbered receipts are used, no procedures are in place to ensure all receipt numbers are accounted for.</li></ul>

WALTHAM COUNTY

Schedule of Findings and Responses  
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- g. Due to a lack of sufficient details, we were unable to determine whether the correct fees were charged on some receipts.
- h. A list of cash bonds and other amounts held by the office for others was not available to the auditors.
- 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. Aged Fines Receivable Report was not ran at the end of Fiscal Year 2019. Therefore, the report used includes amounts subsequent to September 30, 2019.

**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; fees, fines, restitution and other such amounts are settled timely and in the correct amount; to allow for an adequate segregation of duties in the collection, recording, and disbursement of cash; and to document the aged fines receivable at September 30, 2019.

**Views of Responsible Official(s)** We will comply with the above deficiencies and all will be corrected. Most of them were corrected when we began the new Delta Accounting system at the beginning of 2022.

**Material Weakness**

**2019-008.** The Circuit Court Clerk should ensure effective controls over fines receivables.

**Repeat Finding** Yes

**Criteria** As reported in prior two years' audit reports, an effective system of internal control over fines receivable records should include maintaining adequate subsidiary records to substantiate the total fines receivables balance.

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

**Cause** The Circuit Clerk lacked the necessary control procedures to accurately maintain fines receivable.

**Effect** The independent auditor's report includes a qualified opinion on the General Fund because we were unable to satisfy ourselves as to the fair presentation of the Circuit Clerk's fines receivables.

**Recommendation** The Circuit Court Clerk should establish procedures documenting the existence and valuation of Circuit Clerk fines receivable, including the aging schedule of fines receivable.

WALTHALL COUNTY

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**Views of Responsible  
Official(s)**

We will comply with this deficiency, and we will continue to comply with this requirement from this time forth.

**Sheriff.**

**Significant Deficiency**

**2019-009.**                    The Sheriff should strengthen internal controls over cash.

**Repeat Finding**            Yes

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

**Condition**                As reported in the prior three years' audit reports, we noted during our audit that the same employee 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**                    The failure to have adequate controls in the Sheriff's Office could result in the loss or misappropriation of public funds.

**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)**

I will make an effort to adhere to your findings.