

# WEBSTER COUNTY, MISSISSIPPI

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



**SHAD WHITE**  
STATE AUDITOR

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

Joe E. McKnight, CPA  
Director, County Audit Section



A Report from the County Audit Section

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

**Shad White**  
AUDITOR

November 30, 2020

Members of the Board of Supervisors  
Webster County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2019 financial and compliance audit report for Webster County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

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

Shad White



WEBSTER COUNTY  
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WEBSTER COUNTY

FINANCIAL SECTION

WEBSTER 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  
Webster County, Mississippi

**Report on the Financial Statements**

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Webster County, Mississippi, (the County) as of and for the year ended September 30, 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 the cash basis of accounting, as described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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

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

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

### ***Unmodified Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Webster County, Mississippi, as of September 30, 2019, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

### ***Basis of Accounting***

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

### ***Other Matters***

#### ***Report on Other Information***

The Budgetary Comparison Schedules, Schedule of Investments, Schedule of Interfund Advances, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020 on our consideration of Webster County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Webster County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Webster County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

November 30, 2020

WEBSTER COUNTY

FINANCIAL STATEMENTS

WEBSTER COUNTY

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WEBSTER COUNTY  
Statement of Net Position - Cash Basis  
September 30, 2019

Exhibit 1

	Primary Government
	Governmental
	Activities
ASSETS	
Cash	\$ 4,333,079
Cash with fiscal agent	304,539
Total Assets	<u>4,637,618</u>
NET POSITION	
Restricted:	
Expendable:	
General government	95,443
Public safety	60,548
Public works	2,935,326
Culture and recreation	6,632
Debt service	32,529
Unemployment compensation	8,402
Unrestricted	1,498,738
Total Net Position	<u>\$ 4,637,618</u>

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

## WEBSTER COUNTY

Statement of Activities - Cash Basis  
For the Year Ended September 30, 2019

Exhibit 2

Functions/Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 4,378,439	154,212	18,983	148,263	(4,056,981)
Public safety	1,221,399	152,118	106,029		(963,252)
Public works	2,754,286	362,867	783,213	2,166,488	558,282
Health and welfare	88,904		15,236		(73,668)
Culture and recreation	47,720				(47,720)
Conservation of natural resources	38,333				(38,333)
Economic development and assistance	79,000				(79,000)
Purchase of investment	7,813				(7,813)
Debt service:					
Principal	2,226,814				(2,226,814)
Interest	94,321				(94,321)
Total Governmental Activities	\$ 10,937,029	669,197	923,461	2,314,751	(7,029,620)
General receipts:					
Property taxes				\$	3,719,192
Road & bridge privilege taxes					129,592
Grants and contributions not restricted to specific programs					370,342
Unrestricted interest income					31,490
Miscellaneous					116,792
Sale of investments					178,315
Proceeds from debt issuance					153,035
Sale of county property					18,119
Total General Receipts and Other Cash Sources					4,716,877
Change in Net Position					(2,312,743)
Net Position - Beginning					6,950,361
Net Position - Ending				\$	4,637,618

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



## WEBSTER COUNTY

Exhibit 3

## Statement of Cash Basis Assets and Fund Balances

## Governmental Funds

September 30, 2019

	<u>Major Funds</u>				
	General	Courthouse	ERBR/STP/ BR-1719(3)	Other	Total
	Fund	Recovery	Fund	Governmental	Governmental
		Fund		Funds	Funds
ASSETS					
Cash	\$ 1,015,884	178,315	1,334,805	1,804,075	4,333,079
Cash with fiscal agent		304,539			304,539
Total Assets	\$ 1,015,884	482,854	1,334,805	1,804,075	4,637,618
FUND BALANCES					
Restricted for:					
General government				95,443	95,443
Public safety				60,548	60,548
Public works			1,334,805	1,600,521	2,935,326
Culture and recreation				6,632	6,632
Debt service				32,529	32,529
Unemployment compensation				8,402	8,402
Committed to:					
General government		482,854			482,854
Unassigned	1,015,884				1,015,884
Total Fund Balances	\$ 1,015,884	482,854	1,334,805	1,804,075	4,637,618

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

## WEBSTER COUNTY

Exhibit 4

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

For the Year Ended September 30, 2019

	Major Funds			Other	Total
	General	Courthouse	ERBR/STP/ BR-1719(3)	Governmental	Governmental
	Fund	Recovery	Fund	Funds	Funds
RECEIPTS					
Property taxes	\$ 2,337,969			1,381,223	3,719,192
Road and bridge privilege taxes				129,592	129,592
Licenses, commissions and other receipts	78,953			7,948	86,901
Fines and forfeitures	80,377			6,869	87,246
Intergovernmental receipts	479,147	176,816	1,998,381	954,210	3,608,554
Charges for services	36,745			458,305	495,050
Interest income	5,788	20,770	710	4,222	31,490
Miscellaneous receipts	63,038		6	53,748	116,792
Total Receipts	3,082,017	197,586	1,999,097	2,996,117	8,274,817
DISBURSEMENTS					
General government	1,975,758	2,255,990		146,691	4,378,439
Public safety	923,074			298,325	1,221,399
Public works			664,292	2,089,994	2,754,286
Health and welfare	88,904				88,904
Culture and recreation	47,720				47,720
Conservation of natural resources	38,333				38,333
Economic development and assistance	79,000				79,000
Debt service:					
Principal	11,198	2,000,000		215,616	2,226,814
Interest	836	83,200		10,285	94,321
Total Disbursements	3,164,823	4,339,190	664,292	2,760,911	10,929,216
Excess (Deficiency) of Receipts over (under) Disbursements	(82,806)	(4,141,604)	1,334,805	235,206	(2,654,399)
OTHER CASH SOURCES (USES)					
Proceeds from long-term debt issuance	95,535			57,500	153,035
Sale of county property	3,959			14,160	18,119
Transfers in	21,700	59,272		158,150	239,122
Transfers out	(60,872)			(178,250)	(239,122)
Sale of investments		178,315			178,315
Purchase of investments		(7,813)			(7,813)
Total Other Cash Sources and Uses	60,322	229,774	0	51,560	341,656
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	(22,484)	(3,911,830)	1,334,805	286,766	(2,312,743)
Cash Basis Fund Balances - Beginning	1,038,368	4,394,684	0	1,517,309	6,950,361
Cash Basis Fund Balances - Ending	\$ 1,015,884	482,854	1,334,805	1,804,075	4,637,618

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

WEBSTER COUNTY  
Statement of Fiduciary Assets and Liabilities - Cash Basis  
September 30, 2019

Exhibit 5

	Agency Funds
ASSETS	
Cash	\$ 37,066
Total Assets	\$ <u>37,066</u>
LIABILITIES	
Other liabilities	\$ 24,896
Intergovernmental payables	<u>12,170</u>
Total Liabilities	\$ <u>37,066</u>

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

WEBSTER COUNTY

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## WEBSTER COUNTY

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

#### (1) Summary of Significant Accounting Policies.

##### A. Financial Reporting Entity.

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

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

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

##### B. Basis of Presentation.

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

##### Government-wide Financial Statements:

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

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

##### 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

## WEBSTER COUNTY

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

accounts that constitute its assets, fund balances, receipts and disbursements. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

#### C. Measurement Focus and Basis of Accounting.

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

The County reports the following major Governmental Funds:

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

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

ERBR/STP/BR-1719(3) Fund - This fund is used to account for monies from specific sources that are restricted for specific road and bridge repair projects.

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

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

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

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

#### FIDUCIARY FUND TYPE

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

#### D. Account Classifications.

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

## WEBSTER COUNTY

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

#### E. Deposits.

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

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

#### F. Equity Classifications.

Government-wide Financial Statements:

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

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

## WEBSTER COUNTY

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

#### Fund Balance Flow Assumption:

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

#### G. Property Tax Receipts.

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

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

#### (2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2019, was \$4,370,145, and the bank balance was \$5,318,955. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

#### (3) Interfund Transfers.

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

##### Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 21,700
Courthouse Recovery Fund	General Fund	59,272
Other Governmental Funds	General Fund	1,600
Other Governmental Funds	Other Governmental Funds	<u>156,550</u>
Total		\$ <u>239,122</u>



## WEBSTER COUNTY

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

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

#### (4) Claims and Judgments.

##### Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's 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.

#### (5) Contingencies.

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

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

#### (6) Joint Venture.

The County participates in the following joint venture:

Webster County is a participant with the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha and Winston and the Cities of Ackerman, Columbus, Eupora, Louisville, Macon, Starkville and West Point in a joint venture, authorized by Section 17-17-307, Miss. Code Ann. (1972), to operate the Golden Triangle Regional Solid Waste Management Authority. The joint venture was created for waste management purposes and is governed by 38 board members. No one primary government appoints a majority of the Authority's board members. Webster County did not contribute any funds to the organization in the fiscal year 2019. Complete financial statements for the Golden Triangle Regional Solid Waste Management Authority can be obtained from Golden Triangle Planning and Development District, Post Office Box 828, Starkville, Mississippi 39760-0828.

#### (7) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Webster County Board of Supervisors appoints two of the 22 members of the board of trustees. The County contributed \$128,266 for maintenance and support of the college in fiscal year 2019.

The Golden Triangle Planning and Development District operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Webster County Board of Supervisors appoints four of the 28 members of the board of directors. The County contributed \$29,000 for the district in fiscal year 2019.

## WEBSTER COUNTY

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

Tombigbee Regional Library System provides services for the Counties of Choctaw, Clay, Monroe and Webster. The Webster County Board of Supervisors appoints one of the five members of the board of directors. The County contributed \$37,300 for maintenance and support of the system in fiscal year 2019.

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

Community Counseling Services operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Webster County Board of Supervisors appoints one of the seven members of the board of directors. The County contributed \$20,000 for the support of the agency in fiscal year 2019.

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

#### (8) Defined Benefit Pension Plan.

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

Funding Policy. At September 30, 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 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 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 \$275,675, \$257,180 and \$262,597, respectively, equal to the required contributions for each year.

#### (9) Tax Abatements.

As of September 30, 2019, Webster County provides tax exempt status to three manufacturing companies subject to the requirements of GASB Statement No. 77. These manufacturing companies are exempt from real property taxes and personal property taxes except for levies involving the school, the mandatory mill, and community college tax levies. These exemptions are authorized under Sections 27-31-101 and 27-31-105 of the Miss. Code Ann. (1972). These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2019 totaled \$87,041.

WEBSTER COUNTY

OTHER INFORMATION

WEBSTER COUNTY

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Property taxes	\$ 2,270,104	2,337,969	2,337,969	
Licenses, commissions and other receipts	74,300	78,953	78,953	
Fines and forfeitures	102,500	80,377	80,377	
Intergovernmental receipts	448,405	479,147	479,147	
Charges for services	15,000	36,745	36,745	
Interest income	15,075	5,788	5,788	
Miscellaneous receipts	37,200	63,038	63,038	
Total Receipts	<u>2,962,584</u>	<u>3,082,017</u>	<u>3,082,017</u>	<u>0</u>
<b>DISBURSEMENTS</b>				
Current:				
General government	1,900,752	1,975,758	1,975,758	
Public safety	874,267	923,074	923,074	
Health and welfare	96,345	88,904	88,904	
Culture and recreation	47,400	47,720	47,720	
Conservation of natural resources	50,224	38,333	38,333	
Economic development and assistance	79,000	79,000	79,000	
Debt service:				
Principal		11,198	11,198	
Interest		836	836	
Total Disbursements	<u>3,047,988</u>	<u>3,164,823</u>	<u>3,164,823</u>	<u>0</u>
Deficiency of Receipts under Disbursements	<u>(85,404)</u>	<u>(82,806)</u>	<u>(82,806)</u>	<u>0</u>
<b>OTHER CASH SOURCES (USES)</b>				
Proceeds from debt		95,535	95,535	
Sale of county property		3,959	3,959	
Transfers in		21,700	21,700	
Transfers out		(60,872)	(60,872)	
Other financing sources	60,200			
Other financing uses	(60,180)			
Total Other Cash Sources and Uses	<u>20</u>	<u>60,322</u>	<u>60,322</u>	<u>0</u>
Deficiency of Receipts and other Cash Sources under Disbursements and other Cash Uses	<u>(85,384)</u>	<u>(22,484)</u>	<u>(22,484)</u>	
Cash Basis Fund Balances - Beginning	<u>1,125,169</u>	<u>1,038,368</u>	<u>1,038,368</u>	
Cash Basis Fund Balances - Ending	<u>\$ 1,039,785</u>	<u>1,015,884</u>	<u>1,015,884</u>	<u>0</u>

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

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental receipts	\$ 141,200	176,816	176,816	
Interest income		20,770	20,770	
Total Receipts	<u>141,200</u>	<u>197,586</u>	<u>197,586</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	2,726,139	2,255,990	2,255,990	
Debt service:				
Principal		2,000,000	2,000,000	
Interest		83,200	83,200	
Total Disbursements	<u>2,726,139</u>	<u>4,339,190</u>	<u>4,339,190</u>	<u>0</u>
Deficiency of Receipts under Disbursements	<u>(2,584,939)</u>	<u>(4,141,604)</u>	<u>(4,141,604)</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Transfers in		59,272	59,272	
Sale of investments		178,315	178,315	
Purchase of investments		(7,813)	(7,813)	
Total Other Cash Sources and Uses	<u>0</u>	<u>229,774</u>	<u>229,774</u>	<u>0</u>
Deficiency of Receipts and other Cash Sources under Disbursements and other Cash Uses	<u>(2,584,939)</u>	<u>(3,911,830)</u>	<u>(3,911,830)</u>	
Cash Basis Fund Balances - Beginning	<u>2,584,939</u>	<u>4,394,684</u>	<u>4,394,684</u>	
Cash Basis Fund Balances - Ending	<u>\$ 0</u>	<u>482,854</u>	<u>482,854</u>	<u>0</u>

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

WEBSTER COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 ERBR/STP/BR-1719(3) Fund  
 For the Year Ended September 30, 2019  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental receipts	\$	1,998,381	1,998,381	
Interest income		710	710	
Miscellaneous receipts		6	6	
Total Receipts	<u>0</u>	<u>1,999,097</u>	<u>1,999,097</u>	<u>0</u>
DISBURSEMENTS				
Current:				
Public works		664,292	664,292	
Total Disbursements	<u>0</u>	<u>664,292</u>	<u>664,292</u>	<u>0</u>
Excess of Receipts over Disbursements	<u>0</u>	<u>1,334,805</u>	<u>1,334,805</u>	<u>0</u>
Excess of Receipts and other Cash Sources over Disbursements and other Cash Uses	0	1,334,805	1,334,805	
Cash Basis Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Basis Fund Balances - Ending	<u>\$ 0</u>	<u>1,334,805</u>	<u>1,334,805</u>	<u>0</u>

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

WEBSTER COUNTY  
Schedule of Investments  
For the Year Ended September 30, 2019  
UNAUDITED

Fund	Description	Beginning Date	Maturity Date	Interest Rate	Balance October 1, 2018	Purchases	Redeemed Sales	Balance September 30, 2019
COURTHOUSE RECOVERY FUND								
27 Courthouse Recovery Fund	Certificate of Deposit - 7003653	8/17/2017	8/17/2020	0.75%	\$ 176,316	1,999	178,315	0
27 Courthouse Recovery Fund	Certificate of Deposit - 7003654	8/17/2017	8/17/2021	1.10%	161,769	2,697		164,466
27 Courthouse Recovery Fund	Certificate of Deposit - 7003655	8/17/2017	8/17/2022	1.35%	152,038	3,117		155,155
Total Courthouse Recovery Fund					490,123	7,813	178,315	319,621
TOTAL GOVERNMENTAL FUNDS					\$ 490,123	7,813	178,315	319,621



WEBSTER COUNTY  
Schedule of Interfund Advances  
For the Year Ended September 30, 2019  
UNAUDITED

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

A. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at <u>Sept. 30, 2019</u>
Other Governmental Funds	Other Governmental Funds	\$ <u>14,400</u>

The amount due represents equipment purchased for the Volunteer Fire Levy Fund in fiscal year 2018. All interfund advances are expected to be repaid within one year from the date of the financial statements.

WEBSTER COUNTY  
Schedule of Capital Assets  
For the Year Ended September 30, 2019  
UNAUDITED

**Governmental activities:**

	Balance Oct. 1, 2018	Additions	Deletions	Adjustments*	Balance Sept. 30, 2019
Land	\$ 146,040				146,040
Construction in progress	5,028,207	2,571,491			7,599,698
Infrastructure	5,614,955				5,614,955
Buildings	1,736,302				1,736,302
Mobile equipment	3,803,364	9,798	196,181	205,500	3,822,481
Furniture and equipment	311,555	82,837			394,392
Leased property under capital leases	1,134,919	153,035		(205,500)	1,082,454
Total capital assets	\$ 17,775,342	2,817,161	196,181	0	20,396,322

\*The adjustments column includes the reclassification of paid off capital leases to mobile equipment.

WEBSTER COUNTY  
Schedule of Changes in Long-term Debt  
For the Year Ended September 30, 2019  
UNAUDITED

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

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2018	Issued	Principal Payments	Balance Sept. 30, 2019
<b>Governmental Activities:</b>							
<b>A. Capital Leases:</b>							
Cat Model 12M2 Motorgrader	3/10/2014	4/10/2019	2.29%	53,769		53,769	
John Deere 6105D tractor w/JD H310 loader	2/8/2016	2/5/2020	2.10%	19,369		14,476	4,893
2016 Mack Tractor Trailer	3/28/2016	6/5/2022	3.15%	70,601		18,456	52,145
2016 Caterpillar Motorgrader - District 1	9/23/2016	10/5/2021	1.95%	60,007		19,591	40,416
2016 Caterpillar Motorgrader - District 2	9/23/2016	10/5/2021	1.95%	78,395		25,579	52,816
E-911 Equipment	12/21/2016	1/7/2022	1.97%	112,424		33,831	78,593
F-150 Truck - Receiving Clerk	2/23/2017	2/5/2021	2.25%	13,023		5,498	7,525
Rock Spreader	8/8/2017	8/5/2021	1.94%	104,385		36,190	68,195
2006 Link Belt Excavator	10/10/2018	10/5/2022	3.15%		57,500	13,724	43,776
AS400 Server	7/9/2019	7/5/2023	2.45%		29,405	1,761	27,644
(2) Dodge Durango SUVs	7/9/2019	7/5/2023	2.75%		66,130	3,939	62,191
<b>B. Other Loans:</b>							
Front Line Apparel MDA Loan*	5/7/2007	11/1/2009	3.00%	108,833			108,833
Front Line Apparel MDA Loan*	8/13/2005	7/1/2011	3.00%	242,500			242,500
Webster County Courthouse - Promissory Note	10/1/2017	8/1/2022	1.83-2.83%	2,485,000		2,000,000	485,000
Total				\$ 3,348,306	153,035	2,226,814	1,274,527

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

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

WEBSTER COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2019  
UNAUDITED

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

## WEBSTER COUNTY

### Notes to Other Information For the Year Ended September 30, 2019 UNAUDITED

(1) Budgetary Comparison Information.

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

(2) Long-term Debt Information:

A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2019, there is no outstanding debt that is subject to these debt limitations.

B. Certificates of Participation – In the fiscal year ended September 30, 2018, and in accordance with Section 31-8-1 et seq. Miss. Code Ann. (1972), Webster County (County) entered into a five year capital lease agreement with Golden Triangle Public Buildings Leasing Corporation (Corporation). The Corporation borrowed funds which are to be used to construct a new courthouse. The County is obligated to pay the Corporation rent equal to the principal and interest on the debt. The County purchased five Certificates of Deposit in the total amount of \$4,485,000 which are to be used to make rental payments to the Corporation. The Corporation is obligated to use the rental payments from the County to pay off the debt. At the completion of the lease, the County will assume ownership of the facility.

WEBSTER COUNTY

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## WEBSTER COUNTY

## SPECIAL REPORTS

WEBSTER COUNTY

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

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

Members of the Board of Supervisors  
Webster County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Webster County, Mississippi (the County), as of and for the year ended September 30, 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 November 30, 2020.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2019-001, 2019-002, 2019-003, 2019-004, 2019-005, and 2019-006 that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Webster County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Webster County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated November 30, 2020, included within this document.

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

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

### **Purpose of this Report**

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

A handwritten signature in black ink, appearing to read "Joe E. McKnight". The signature is fluid and cursive, with the first name "Joe" and last name "McKnight" clearly distinguishable.

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

November 30, 2020



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

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

Members of the Board of Supervisors  
Webster County, Mississippi

We have examined Webster County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2019. The Board of Supervisors of Webster County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

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

**Board of Supervisors.**

1. Emergency purchases should be documented in the Board of Supervisors' minutes.

**Repeat Finding** No.

**Criteria** Section 31-7-13(k), Miss. Code Ann. (1972), requires the Board of Supervisors to document emergency purchases in its minutes.

**Condition** The Board of Supervisors did not document an emergency purchase in its minutes.

**Cause** The Board of Supervisors did not comply with state laws.

<b>Effect</b>	The lack of proper documentation could result in unauthorized purchases.
<b>Recommendation</b>	The Board of Supervisors should document all emergency purchases in its minutes.
<b>Views of Responsible Official(s)</b>	To the best of our ability we will comply.
<b>Inventory Control Clerk.</b>	
<b>2.</b>	<u>Capital asset purchases should be accurately recorded in the capital asset records.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	Section 31-7-107, Miss. Code Ann. (1972), requires the Inventory Control Clerk to maintain an inventory system. An effective system of internal controls over capital assets should include proper recording of asset additions.
<b>Condition</b>	Cost information for asset additions included in the capital asset listing was inaccurate.
<b>Cause</b>	The Inventory Control Clerk lacked the necessary controls over capital assets.
<b>Effect</b>	Failure to accurately record all capital asset transactions could result in the misappropriation or loss of capital assets.
<b>Recommendation</b>	The Inventory Control Clerk should properly record additions in the capital asset subsidiary records and ensure a process is in place to verify the accuracy of all cost information for asset additions.
<b>Views of Responsible Official(s)</b>	To the best of our ability we will comply.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Webster County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 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, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

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

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



JOE E. MCKNIGHT, CPA  
Director, County Audit Section

November 30, 2020

WEBSTER COUNTY

Schedule 1

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

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

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

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
05/20/2019	2 Sheriff's vehicles	\$ 66,130	Kirk Auto World	Sheriff's cars received damage during a domestic call.

WEBSTER 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.

WEBSTER COUNTY

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

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

Members of the Board of Supervisors  
Webster County, Mississippi

In planning and performing our audit of the cash basis financial statements of Webster County, Mississippi (the County) for the year ended September 30, 2019, we considered Webster County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Webster County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated November 30, 2020, on the financial statements of Webster County, Mississippi.

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

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

**Board of Supervisors.**

1. PERS retirees should not be paid more than the amount approved by PERS on the retiree's Form 4B.

**Repeat Finding** No

**Criteria** Section 25-11-127(4)(b), Miss. Code Ann. (1972), requires retirees, who make the election, to receive no more than twenty-five percent (25%) of the final average compensation used in calculating the retiree's service retirement allowance.

**Condition** We noted that a PERS retiree was paid more than twenty-five percent (25%) of their final average compensation during the state's fiscal year 2019.

**Cause** The Board of Supervisors and Payroll Clerk did not comply with state laws.

**Effect** By overpaying PERS retirees, the County is not in compliance with state legal requirements.

<b>Recommendation</b>	The County should ensure that PERS retirees are not being paid more than the allowable amount.
<b>Views of Responsible Official(s)</b>	To the best of our ability we will comply.
<b>Board of Supervisors / Tax Assessor-Collector.</b>	
<b>2.</b>	<u>Ad valorem property tax exemptions should be certified by the Mississippi Department of Revenue.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	Section 27-31-107, Miss. Code Ann. (1972), states that any person, firm or corporation claiming exemptions from county ad valorem taxation as provided in Sections 27-31-101 through 27-31-117 shall first file an application with the County Board of Supervisors. Furthermore, the application, together with the resolution of approval, shall be forwarded to the Mississippi Department of Revenue within thirty (30) days from the date of the resolution. After investigation of the eligibility of the property, the department shall certify the exemption, if eligible.
<b>Condition</b>	The Tax Assessor-Collector allowed ad valorem tax exemptions on property that was not certified for exemption by the Mississippi Department of Revenue.
<b>Cause</b>	The County did not comply with state statutes.
<b>Effect</b>	The allowance by the Tax Assessor-Collector of ad valorem tax exemptions on ineligible property could result in the loss of public funds.
<b>Recommendation</b>	The Tax Assessor-Collector should improve the system of internal controls to ensure that tax exemptions under Section 27-31-105 are allowed only for eligible property certified by the Mississippi Department of Revenue.
<b>Views of Responsible Official(s)</b>	Per conversation with my head appraiser, we will develop an exemption log and other things that we may have better control of this. I will in the future be in better control of this.
<b>Chancery Clerk.</b>	
<b>3.</b>	<u>Board minutes should be complete and correct.</u>
<b>Repeat Finding</b>	No
<b>Criteria</b>	Section 19-3-27, Miss. Code Ann. (1972), requires the Chancery Clerk, as the Clerk of the Board of Supervisors, to keep and preserve a complete and correct record of all the proceedings and orders of the Board.
<b>Condition</b>	The Board minutes were not complete in representation to the activity of the proceedings throughout the fiscal year. Two employees received salary increases during the fiscal year which were not documented in the minutes.
<b>Cause</b>	The Chancery Clerk did not comply with state laws.
<b>Effect</b>	The failure to keep and preserve a complete and correct record of all Board of Supervisors' proceedings could result in the inability to determine what actions were taken and/or approved by the Board of Supervisors.
<b>Recommendation</b>	The Chancery Clerk should maintain a complete and correct record of all Board proceedings.

**Views of Responsible Official(s)**

To the best of our ability we will comply.

**Circuit Clerk.**

4. Monthly criminal and civil settlements made by the Circuit Clerk should include all applicable receipts collected during the previous month.

**Repeat Finding** No

**Criteria** An effective system of internal control should include procedures to minimize the risk of inaccurate monthly settlements by the Circuit Clerk for civil and criminal receipts.

**Condition** We identified several immaterial receipts (both criminal and civil) that were never settled by the Circuit Clerk.

**Cause** The Circuit Clerk currently prints the settlement reports and prepares the monthly settlements before the end of the last business day of each month, and any receipts received subsequent to the printing of the settlement reports must be manually added to the subsequent month's settlement report(s).

**Effect** Printing the settlement reports and preparing the monthly settlements prior to the end of the last business day of each month significantly increases the risk of settlement errors for civil and criminal receipts.

**Recommendation** The Circuit Clerk should wait until at least the close of business on the last business day of each month before printing settlement reports and preparing settlements to ensure that the settlements contain all receipts collected for each month. Failure to do so could result in loss of County funds.

**Views of Responsible Official(s)**

I will check with Delta Systems to see if there is a way for them to update.

5. Bank statements should be properly reconciled and have adequate supporting documentation.

**Repeat Finding** No

**Criteria** An effective system of internal control should include accurate monthly reconciliations between the bank statements for each account and the respective cash journals.

**Condition** The following deficiencies were noted:

- a. The ending balance on the year-end fee account bank reconciliation did not match the ending balance in the fee cash journal.
- b. Both of the year-end criminal and civil cash account reconciliations contained multiple invalid reconciling items.
- c. Two receipts were listed as outstanding deposits on the year-end criminal cash reconciliation but did not clear on subsequent bank statements. These receipts reflected checks that were lost by the Circuit Clerk, and at the time of audit testwork, the Circuit Clerk was not actively attempting to recoup these funds.

**Cause** The Circuit Clerk lacked the necessary controls over the reconciliation process.

**Effect** The failure to prepare accurate cash reconciliations and resolve discrepancies could result in the loss of public funds.

**Recommendation**

The Circuit Clerk should ensure that the reconciled cash balance per the reconciliations always matches the respective cash journal balance. Only valid reconciling items (outstanding deposits and outstanding checks) should be included on cash reconciliations. In instances of lost payments, the Circuit Clerk should take swift action to resolve the issue in an appropriate manner.

**Views of Responsible  
Official(s)**

Although my checkbook and cash journal does match, I will work through the Delta Bookkeeping to ensure it matches also.

**Auditor's Note**

The Circuit Clerk is performing a reconciliation; however, the totals on the cash journal and reconciliation do not reconcile to each other and no reason for the difference is documented.

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

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

A handwritten signature in black ink, appearing to read "Joe E. McKnight".

JOE E. MCKNIGHT, CPA  
Director, County Audit Section

November 30, 2020

WEBSTER COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

WEBSTER COUNTY

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WEBSTER COUNTY

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

Section 1: Summary of Auditor's Results

***Financial Statements:***

- |   |               |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements: | Unmodified    |
| 2. Internal control over financial reporting:                   |               |
| a. Material weaknesses identified?                              | Yes           |
| b. Significant deficiency identified?                           | None Reported |
| 3. Noncompliance material to the financial statements noted?    | No            |

Section 2: Financial Statement Findings

**Board of Supervisors.**

**Material Weakness**

**2019-001.** Controls over cash disbursements should be strengthened.

**Repeat Finding** No

**Criteria** An effective system of internal control over cash disbursements should include an adequate separation of duties.

**Condition** We noted the following deficiencies in internal control over cash disbursements:

- a. The Clerk of the Board of Supervisors was responsible for the recordkeeping, authorization, and custody functions of two checking accounts established during the audited fiscal year.
- b. The disbursements from these two checking accounts were not subject to the County's regular internal control procedures, in that they were not included in the monthly claims dockets to be approved by the Board, and they also were not listed as cash disbursements in the general ledger accounting system. Instead, the bookkeeper recorded these disbursements in the general ledger accounting system by recording general journal entries at the end of the fiscal year.
- c. In addition to not being included in the monthly claims dockets, the disbursements also lacked any alternative approval in the Board minutes. Therefore, these disbursements were never officially approved by the Board.

**Cause** The County lacked the necessary controls over cash disbursements.

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

**Recommendation** The Board of Supervisors should implement an adequate system of internal control over cash disbursements.

**Views of Responsible Official(s)** To the best of our ability we will comply.

WEBSTER COUNTY

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

**Circuit Clerk.**

**Material Weakness**

<b>2019-002.</b>	<u>Controls over cash collections and disbursements in the Circuit Clerk's office should be strengthened.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	An effective system of internal control should include an adequate separation of duties.
<b>Condition</b>	As reported in the prior ten years' audit reports, cash collection and disbursement functions in the Circuit Clerk's office are not adequately separated for effective internal control.
<b>Cause</b>	Insufficient staffing of the Circuit Clerk's office.
<b>Effect</b>	Failure to have an adequate separation of duties could result in the loss of public funds.
<b>Recommendation</b>	The Circuit Clerk's office should implement a system for review of the accounting records by another person.
<b>Views of Responsible Official(s)</b>	I will have my full-time deputy print and sign off weekly deposits and I will make all deposits. I will also have her to look over each month's bank statements and sign off on them along with me.

**Justice Court Clerk.**

**Material Weakness**

<b>2019-003.</b>	<u>Controls over cash collections and disbursements in the Justice Court Clerk's office should be strengthened.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	An effective system of internal control should include an adequate separation of duties.
<b>Condition</b>	As reported in the prior ten years' audit reports, cash collection and disbursement functions in the Justice Court office are not adequately separated for effective internal control. The Justice Court Clerk is involved in preparing deposits, calculating the monthly settlements, reconciling the bank statements, and disbursing funds.
<b>Cause</b>	Insufficient staffing of the Justice Court Clerk's office.
<b>Effect</b>	Failure to have an adequate separation of duties could result in the loss of public funds.
<b>Recommendation</b>	The Justice Court Clerk's office should implement a system for review of the accounting records by another person.
<b>Views of Responsible Official(s)</b>	Add money to budget for extra personnel.



WEBSTER COUNTY

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

**Material Weakness**

<b>2019-004.</b>	<u>Controls over accounting for cash collections in Justice Court should be strengthened.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	An effective system of internal control over cash collections in the Justice Court Clerk's office should include the proper recording of all collections and settlements in the cash journal and the reconciliation of the cash balances in the cash journals to the bank accounts each month.
<b>Condition</b>	As reported in the prior eight years' audit reports, the bond account was not properly reconciled to the cash balance reported in the Justice Court's cash journal. Also, the civil and criminal accounts were not properly reconciled to the cash balances reported in the Justice Court Clerk's cash journals.
<b>Cause</b>	Poorly designed controls over the reconciliation process.
<b>Effect</b>	Failure to properly reconcile cash balances each month could result in the loss of public funds.
<b>Recommendation</b>	The Justice Court Clerk's office should perform a monthly reconciliation of the outstanding cash bonds detail listing to the amount shown in the cash journal.
<b>Views of Responsible Official(s)</b>	We are working as hard as we can.

**Tax Assessor-Collector.**

**Material Weakness**

<b>2019-005.</b>	<u>Controls over cash collections and disbursements in the Tax Assessor-Collector's office should be strengthened.</u>
<b>Repeat Finding</b>	Yes
<b>Criteria</b>	An effective system of internal control should include an adequate separation of duties.
<b>Condition</b>	As reported in the prior ten years' audit reports, cash collection and disbursement functions in the Tax Assessor-Collector's office are not adequately separated for effective internal control. The Tax Assessor-Collector prepares deposits, calculates the monthly settlements, posts to the cash journal, reconciles the bank statements, and disburses all funds.
<b>Cause</b>	Insufficient staffing of the Tax Assessor-Collector's office.
<b>Effect</b>	Failure to have an adequate separation of duties could result in the loss of public funds.
<b>Recommendation</b>	The Tax Assessor-Collector should implement a system for review of the accounting records by another person.
<b>Views of Responsible Official(s)</b>	I only have two employees and myself. I try to separate duties as best I can. I will work harder to make this possible.

WEBSTER COUNTY

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

**Material Weakness**

**2019-006.** Bank statements should be reconciled and have adequate supporting documentation.

**Repeat Finding** Yes

**Criteria** An effective system of internal control should include monthly reconciliations between the bank statement, the cash journal, and end of month reports.

**Condition** As reported in the prior year's audit report, reconciliations are not being properly prepared. The following deficiencies were noted:

- a. The cash journal was not properly reconciled to the bank account at 9/30/2019.
- b. Several outstanding checks on the reconciliation have been outstanding for over a year.
- c. Some outstanding deposits on the reconciliation were invalid.
- d. The Mississippi Automated Registration Vehicle Information Network (MARVIN) end of month reports were not reconciled to the cash journal.

**Cause** Poorly designed controls over the reconciliation process.

**Effect** Failure to prepare accurate cash reconciliations and resolve discrepancies could result in the loss of public funds.

**Recommendation** The Tax Assessor-Collector should design controls to ensure that accurate reconciliations are prepared each month. Any discrepancies that arise should be reviewed and corrected in the same month, which will prevent mistakes and errors from being carried forward. The Tax Assessor-Collector should ensure that the reconciled cash balance per the reconciliation always matches the cash journal balance. Long outstanding checks should be examined by the Tax Assessor-Collector and reissued if necessary.

**Views of Responsible Official(s)** I will try to improve in this area of my job moving forward.