

WALTHALL COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2020

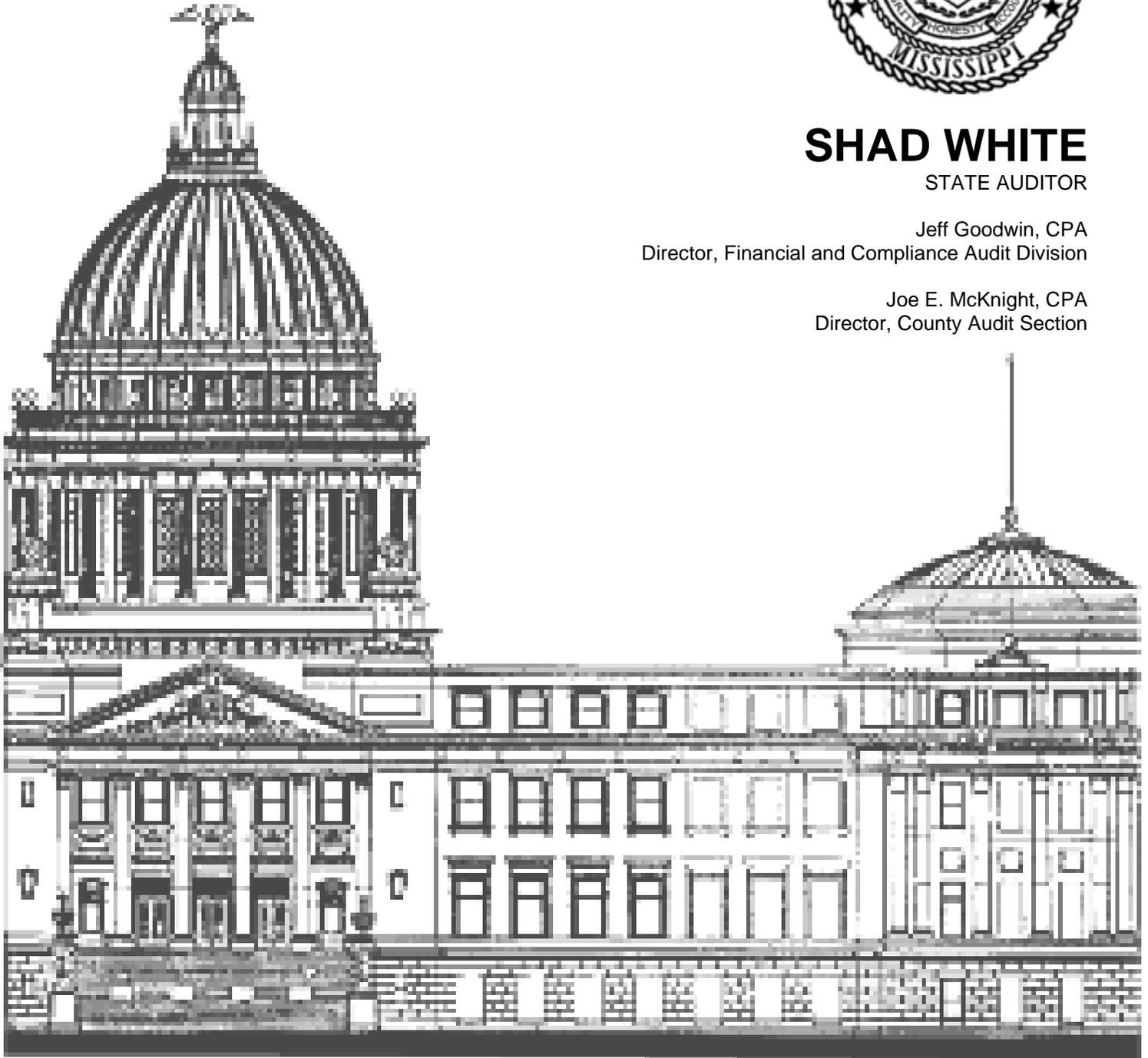


SHAD WHITE

STATE AUDITOR

Jeff Goodwin, CPA
Director, Financial and 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

April 12, 2024

Members of the Board of Supervisors
Walthall County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2020 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", is written over a faint, circular watermark or background.

Shad White

WALTHALL COUNTY

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WALTHALL COUNTY

FINANCIAL SECTION

WALTHALL 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, 2020, 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 receivables of the Justice Court and the Circuit Court for the aging of these fines receivable. Adequate subsidiary records were not maintained and preserved for the Justice Court and the Circuit Court fines receivable aging schedules at September 30, 2020. 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 \$624,669, as of September 30, 2020. 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, 2020, 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 April 12th Public Assistance Grant FEMA Fund, the Solid Waste Fund and the aggregate remaining fund information of Walthall County, Mississippi, as of September 30, 2020, 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 April 12, 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.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

April 12, 2024

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WALTHALL COUNTY

FINANCIAL STATEMENTS

WALTHALL COUNTY

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WALTHALL COUNTY
Statement of Net Position
September 30, 2020

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash	\$ 13,341,256	144,181	13,485,437
Cash with fiscal agent	191,750		191,750
Property tax receivable	5,800,658		5,800,658
Accounts receivable (net of allowance for uncollectibles of \$1,099,721)		52,635	52,635
Fines receivable (net of allowance for uncollectibles of \$4,186,132)	624,669		624,669
Loans receivable	1,278,509		1,278,509
Intergovernmental receivables	504,446		504,446
Other receivables	39,958		39,958
Internal balances	37,820	(37,820)	0
Capital assets:			
Land and construction in progress	664,214	77,412	741,626
Other capital assets, net	14,372,793	516,916	14,889,709
Total Assets	36,856,073	753,324	37,609,397
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	594,065	60,369	654,434
Total Deferred Outflows of Resources	594,065	60,369	654,434
LIABILITIES			
Claims payable	263,196	35,408	298,604
Intergovernmental payables	187,177		187,177
Accrued interest payable	33,922		33,922
Unearned revenue		50,850	50,850
Amounts held in custody for others	103,476		103,476
Long-term liabilities			
Due within one year:			
Capital debt	551,492	62,985	614,477
Non-capital debt	120,000		120,000
Due in more than one year:			
Capital debt	2,564,217	125,030	2,689,247
Non-capital debt	478,264	3,294	481,558
Net pension liability	6,974,042	715,096	7,689,138
Total Liabilities	11,275,786	992,663	12,268,449
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	12,829	1,177	14,006
Deferred revenues - property taxes	5,819,317		5,819,317
Total Deferred Inflows of Resources	5,832,146	1,177	5,833,323
NET POSITION			
Net investment in capital assets	11,921,298	406,313	12,327,611
Restricted for:			
General government	86,442		86,442
Public safety	549,397		549,397
Public works	3,203,154		3,203,154
Health and welfare	109,776		109,776
Culture and recreation	85,008		85,008
Economic development and assistance	18,249		18,249
Unemployment compensation	13,539		13,539
Debt Service	702,808		702,808
Unrestricted	3,652,535	(586,460)	3,066,075
Total Net Position	\$ 20,342,206	(180,147)	20,162,059

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

WALTHALL COUNTY
Statement of Activities
For the Year Ended September 30, 2020

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 Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,561,913	141,233	400,420	51,665	(1,968,595)		(1,968,595)
Public safety	2,167,504	283,177	103,451	98,530	(1,682,346)		(1,682,346)
Public works	3,105,155		910,239	633,360	(1,561,556)		(1,561,556)
Health and welfare	214,996		87,035		(127,961)		(127,961)
Culture and recreation	17,596	825			(16,771)		(16,771)
Education	335,691				(335,691)		(335,691)
Conservation of natural resources	44,776				(44,776)		(44,776)
Economic development and assistance	67,254				(67,254)		(67,254)
Interest on long-term debt	114,059				(114,059)		(114,059)
Pension expense	791,090				(791,090)		(791,090)
Total Governmental Activities	<u>9,420,034</u>	<u>425,235</u>	<u>1,501,145</u>	<u>783,555</u>	<u>(6,710,099)</u>		<u>(6,710,099)</u>
Business-type activities:							
Solid Waste	<u>925,528</u>	<u>598,749</u>				<u>(326,779)</u>	<u>(326,779)</u>
Total Business-type Activities	<u>925,528</u>	<u>598,749</u>	<u>-</u>	<u>-</u>		<u>(326,779)</u>	<u>(326,779)</u>
Total Primary Government	<u>\$ 10,345,562</u>	<u>1,023,984</u>	<u>1,501,145</u>	<u>783,555</u>	<u>(6,710,099)</u>	<u>(326,779)</u>	<u>(7,036,878)</u>
General revenues:							
Property taxes					\$ 5,897,396		5,897,396
Road & bridge privilege taxes					188,591		188,591
Grants and contributions not restricted to specific programs					662,867		662,867
Unrestricted interest income					199,297	1,277	200,574
Miscellaneous					305,024	1,275	306,299
Transfers					(155,871)	155,871	
Total General Revenues					<u>7,097,304</u>	<u>158,423</u>	<u>7,255,727</u>
Changes in Net Position					<u>387,205</u>	<u>(168,356)</u>	<u>218,849</u>
Net Position - Beginning					<u>19,955,001</u>	<u>(11,791)</u>	<u>19,943,210</u>
Net Position - Ending					<u>\$ 20,342,206</u>	<u>(180,147)</u>	<u>20,162,059</u>

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

	Major Funds			
	General Fund	April 12th Public Assistance Grant FEMA Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 8,460,232	9,811	4,871,213	13,341,256
Cash with fiscal agent	191,750			191,750
Property tax receivable	4,276,022		1,524,636	5,800,658
Fines receivable (net of allowance for uncollectibles of \$4,186,132)	624,669			624,669
Loans receivable	1,278,509			1,278,509
Intergovernmental receivables	483,159		21,287	504,446
Other receivables	39,958			39,958
Due from other funds	75,693		42,361	118,054
Advances to other funds	24,945			24,945
Total Assets	\$ 15,454,937	9,811	6,459,497	21,924,245
LIABILITIES				
Liabilities:				
Claims payable	\$ 174,580	2,499	86,117	263,196
Intergovernmental payables	178,466			178,466
Due to other funds	51,072		62,818	113,890
Amounts held in custody for others	103,476			103,476
Total Liabilities	\$ 507,594	2,499	148,935	659,028
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	4,276,022		1,524,636	5,800,658
Unavailable revenue - Intergovernmental Receivable	18,659			18,659
Unavailable revenue - fines	624,669			624,669
Total Deferred Inflows of Resources	\$ 4,919,350	-	1,524,636	6,443,986
Fund balances:				
Nonspendable:				
Advances	24,945			24,945
Restricted for:				
General government			86,442	86,442
Public safety			549,397	549,397
Public works		7,312	3,195,842	3,203,154
Health and welfare			109,776	109,776
Culture and recreation			85,008	85,008
Economic development and assistance			18,249	18,249
Debt service			736,730	736,730
Unemployment compensation			13,539	13,539
Unassigned	10,003,048		(9,057)	9,993,991
Total Fund Balances	\$ 10,027,993	7,312	4,785,926	14,821,231
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 15,454,937	9,811	6,459,497	21,924,245

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

WALTHALL COUNTY

Exhibit 3-1

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2020

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 14,821,231
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 \$16,319,948.	15,037,007
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.	624,669
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(3,713,973)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(6,974,042)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(33,922)
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	594,065
Deferred inflows of resources related to pensions	<u>(12,829)</u>
Total Net Position - Governmental Activities	\$ <u><u>20,342,206</u></u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
 For the Year Ended September 30, 2020

	Major Funds			Total Governmental Funds
	General Fund	April 12th Public Assistance Grant FEMA Fund	Other Governmental Funds	
REVENUES				
Property taxes	\$ 4,373,624		1,523,772	5,897,396
Road and bridge privilege taxes			188,591	188,591
Licenses, commissions and other revenue	130,410		5,138	135,548
Fines and forfeitures	107,502			107,502
Intergovernmental revenues	1,167,957		1,779,610	2,947,567
Charges for services	115,242		144,648	259,890
Interest income	146,360	796	52,141	199,297
Miscellaneous revenues	290,551		14,473	305,024
Total Revenues	6,331,646	796	3,708,373	10,040,815
EXPENDITURES				
Current:				
General government	2,595,674		163,764	2,759,438
Public safety	1,706,697		685,504	2,392,201
Public works	52,900	1,043,484	1,885,377	2,981,761
Health and welfare	162,848			162,848
Culture and recreation	13,356			13,356
Education	335,691			335,691
Conservation of natural resources	67,853			67,853
Economic development and assistance	163,819		11,062	174,881
Debt service:				
Principal	165,000		223,641	388,641
Interest	57,400		52,066	109,466
Total Expenditures	5,321,238	1,043,484	3,021,414	9,386,136
Excess of Revenues over (under) Expenditures	1,010,408	(1,042,688)	686,959	654,679
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued			206,223	206,223
Proceeds from sale of capital assets	250			250
Transfers in	2,801	1,050,000	58,910	1,111,711
Transfers out	(1,262,586)		(4,996)	(1,267,582)
Total Other Financing Sources and Uses	(1,259,535)	1,050,000	260,137	50,602
Net Changes in Fund Balances	(249,127)	7,312	947,096	705,281
Fund Balances - Beginning	10,277,120		3,838,830	14,115,950
Fund Balances - Ending	\$ 10,027,993	7,312	4,785,926	14,821,231

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, 2020

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 705,281
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that depreciation expense of \$691,777 exceeded capital outlays of \$672,044 in the current period.	(19,733)
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 \$11,522 and the proceeds from the sale of \$250 in the current period.	(11,772)
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.	(77,705)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$388,641 exceeded debt proceeds of \$206,223.	182,418
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	(19,425)
The amount of increase in accrued interest payable	(5,522)
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	(791,090)
Recording of contributions made during the year	<u>423,824</u>
Change in Net Position of Governmental Activities	<u>\$ 387,205</u>

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

WALTHALL COUNTY
Statement of Net Position - Proprietary Fund
September 30, 2020

Exhibit 5

	Business-type Activities - Enterprise Fund
	<u>Solid Waste Fund</u>
ASSETS	
Current assets:	
Cash	\$ 144,181
Accounts receivable (net of allowance for uncollectibles of \$1,099,721)	52,635
Total Current Assets	<u>196,816</u>
Noncurrent assets:	
Capital assets:	
Land and construction in progress	77,412
Other capital assets, net	516,916
Total Noncurrent Assets	<u>594,328</u>
Total Assets	<u>791,144</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	60,369
Total Deferred Outflows of Resources	<u>60,369</u>
LIABILITIES	
Current liabilities:	
Claims payable	35,408
Due to other funds	12,875
Advances from other funds	24,945
Unearned revenue	50,850
Capital debt:	
Other long-term liabilities	62,985
Total Current Liabilities	<u>187,063</u>
Noncurrent liabilities:	
Capital debt:	
Other long-term liabilities	125,030
Non-capital debt:	
Compensated absences payable	3,294
Net pension liability	715,096
Total Noncurrent Liabilities	<u>843,420</u>
Total Liabilities	<u>1,030,483</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	1,177
Total Deferred Inflows of Resources	<u>1,177</u>
NET POSITION	
Net investment in capital assets	406,313
Unrestricted	(586,460)
Total Net Position	<u>\$ (180,147)</u>

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

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2020

	Business-type Activities - Enterprise Funds
	<u>Solid Waste Fund</u>
Operating Revenues	
Charges for services	\$ 598,749
Miscellaneous	1,275
Total Operating Revenues	<u>600,024</u>
Operating Expenses	
Personal services	389,033
Contractual services	213,284
Materials and supplies	89,838
Depreciation expense	89,205
Indirect administrative cost	12,875
Pension expense	72,608
Total Operating Expenses	<u>866,843</u>
Operating Income (Loss)	<u>(266,819)</u>
Nonoperating Revenues (Expenses)	
Interest income	1,277
Gain (loss) on sale of capital assets	(48,612)
Interest expense	(10,073)
Net Nonoperating Revenue (Expenses)	<u>(57,408)</u>
Net Income (Loss)	<u>(324,227)</u>
Transfers in	156,958
Transfers out	(1,087)
Changes in Net Position	<u>(168,356)</u>
Net Position - Beginning	<u>(11,791)</u>
Net Position - Ending	<u>\$ (180,147)</u>

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

WALTHALL COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2020

Exhibit 7

	<u>Business-type Activities - Enterprise Fund</u>
	<u>Solid Waste Fund</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 785,845
Payments to suppliers	(294,775)
Payments to employees	(430,766)
Payments to General Fund for indirect costs	(28,304)
Miscellaneous receipts	1,275
Net Cash Provided (Used) by Operating Activities	<u>33,275</u>
Cash Flows From Noncapital Financing Activities	
Cash received from other funds:	
Operating transfers in	156,958
Cash paid to other funds:	
Operating transfers out	(1,087)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>155,871</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds from sale of capital assets	72,125
Acquisition and construction of capital assets	(151,254)
Principal paid on long-term debt	(62,985)
Interest paid on debt	(10,073)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(152,187)</u>
Cash Flows From Investing Activities	
Interest on deposits	1,277
Net Cash Provided (Used) by Investing Activities	<u>1,277</u>
Net Increase (Decrease) in Cash and Cash Equivalents	38,236
Cash and Cash Equivalents at Beginning of Year	105,945
Cash and Cash Equivalents at End of Year	<u>\$ 144,181</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (266,819)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	89,205
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	182,912
Increase (decrease) in claims payable	8,347
Increase (decrease) in compensated absences liability	(2,834)
Increase (decrease) in unearned revenue	4,184
Increase (decrease) in interfund payables	(15,429)
Increase (decrease) in pension liability, deferred inflows/ outflows	33,709
Total Adjustments	<u>300,094</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 33,275</u>

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

WALTHALL COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2020

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 223,137
Due from other funds	<u>8,711</u>
Total Assets	<u>\$ 231,848</u>
LIABILITIES	
Intergovernmental payables	\$ 72,818
Other Payables	<u>159,030</u>
Total Liabilities	<u>\$ 231,848</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, 2020

(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, 2020

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 Funds:

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

April 12th Public Assistance Grant FEMA Fund - This fund is used to account for monies from specific revenue sources that are restricted for public assistance.

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.

WALTHALL COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2020

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

PROPRIETARY FUND TYPE

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

FIDUCIARY FUND TYPE

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

D. Account Classifications.

The account classifications used in the financial statements conform to the 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 inter-fund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported

WALTHALL COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2020

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. Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

H. Capital Assets.

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

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Walthall County meets these 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:

	<u>Capitalization Thresholds</u>	<u>Estimated Useful Life</u>
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

WALTHALL COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2020

for the asset classification, as listed above.

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 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 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. Long-term Liabilities.

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

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

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

K. 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

WALTHALL COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2020

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.

L. 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.

M. 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.

Governmental 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

WALTHALL COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2020

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, 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.

N. 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.

O. 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.

P. Changes in Accounting Standards.

The Governmental Accounting Standards Board issued GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* in May 2020. The objective of this Statement was to provide temporary relief to governments in light of the COVID-19 pandemic by postponing effective dates of certain Statements and Implementation Guides. The effective dates of GASB 83-84, GASB 88-93, and Implementation Guides No. 2017-3, 2018-1, 2019-1, and 2019-2 were postponed one

WALTHALL COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2020

year. The effective dates of GASB 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, were postponed eighteen months.

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$13,708,574, and the bank balance was \$13,978,094. 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 Annotated (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 Transactions and Balances.

The following is a summary of inter-fund balances at September 30, 2020:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 62,818
General Fund	Solid Waste Fund	12,875
Other Governmental Funds	General Fund	42,361
Agency Funds	General Fund	<u>8,711</u>
Total		<u>\$ 126,765</u>

The receivables represent tax revenue and court revenue collected in September, 2020, but not settled until October, 2020, 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.

B. Advances from/to Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste Fund	\$ <u>24,945</u>

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.

WALTHALL COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2020

C. Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Genral Fund	Other Governmental Funds	\$ 2,801
April 12th Public Assistance Grant FEMA	General Fund	1,050,000
Other Governmental Funds	General Fund	55,628
Other Governmental Funds	Other Governmental Funds	2,195
Other Governmental Funds	Solid Waste Fund	1,087
Solid Waste Fund	General Fund	<u>156,958</u>
Total		<u>\$ 1,268,669</u>

The principal purpose of inter-fund transfers was to provide funds for capital outlay and reimburse various funds according to the budget. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(4) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2020, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
CARES Act reimbursement	\$ 324,020
Legislative Credit	71,787
Housing of Prisoners reimbursement	39,912
CARES Act Disaster Grant reimbursement	18,659
EMPG reimbursement	18,529
FAA - CARES Grant reimbursement	10,395
JAG Receivable	9,812
HAVA Grant reimbursement	8,530
Youth Court reimbursement	<u>2,802</u>
Total Governmental Activities	<u>\$ 504,446</u>

(5) 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 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 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, 2020

Loans receivable balances at September 30, 2020, are as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Receivable Balance
108 Tylertown Bldg, LLC (Kalencor)	12/15/2008	3.00%	11/30/2008	\$ 681,649
85 Tylertown Bldg, LLC (Kalencor)	8/1/2014	3.00%	8/1/2034	596,860
Total				<u>1,278,509</u>

(6) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2020:

Governmental activities:

	Balance Oct. 1, 2019	Additions	Deletions	Adjustments*	Balance Sept. 30, 2020
<u>Non-depreciable capital assets:</u>					
Land	\$ 182,964	103,025			285,989
Construction in progress	1,014,411	20,236		(656,422)	378,225
Total non-depreciable capital assets	<u>1,197,375</u>	<u>123,261</u>	<u>-</u>	<u>(656,422)</u>	<u>664,214</u>
<u>Depreciable capital assets:</u>					
Infrastructure	7,241,327			656,422	7,897,749
Buildings	10,631,987				10,631,987
Improvements other than buildings	404,893				404,893
Mobile equipment	6,450,821	473,623	117,711		6,806,733
Furniture and equipment	4,403,216	75,160			4,478,376
Leased property under capital leases	473,003				473,003
Total depreciable capital assets	<u>29,605,247</u>	<u>548,783</u>	<u>117,711</u>	<u>656,422</u>	<u>30,692,741</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	1,389,486	182,845			1,572,331
Buildings	4,805,670	144,685			4,950,355
Improvements other than buildings	218,870	16,203			235,073
Mobile equipment	4,840,602	255,845	105,939		4,990,508
Furniture and equipment	4,318,206	42,977			4,361,183
Leased property under capital leases	161,276	49,222			210,498
Total accumulated depreciation	<u>15,734,110</u>	<u>691,777</u>	<u>105,939</u>	<u>-</u>	<u>16,319,948</u>
Total depreciable capital assets, net	<u>13,871,137</u>	<u>(142,994)</u>	<u>11,772</u>	<u>656,422</u>	<u>14,372,793</u>
Governmental activities capital assets, net	\$ <u>15,068,512</u>	<u>(19,733)</u>	<u>11,772</u>	<u>-</u>	<u>15,037,007</u>

WALTHALL COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2020

Business-type activities:

	Balance Oct. 1, 2019	Additions	Deletions	Balance Sept. 30, 2020
<u>Non-depreciable capital assets:</u>				
Land	\$ 77,412			77,412
Total non-depreciable capital assets	77,412	-	-	77,412
<u>Depreciable capital assets:</u>				
Buildings	60,255			60,255
Mobile equipment	575,441	151,254	229,068	497,627
Leased property under capital leases	251,000			251,000
Total depreciable capital assets	886,696	151,254	229,068	808,882
<u>Less accumulated depreciation for:</u>				
Buildings	7,236	1,206		8,442
Mobile equipment	281,266	65,409	108,331	238,344
Leased property under capital leases	22,590	22,590		45,180
Total accumulated depreciation	311,092	89,205	108,331	291,966
Total depreciable capital assets, net	575,604	62,049	120,737	516,916
Business-type activities capital assets, net	\$ 653,016	62,049	120,737	594,328

*Adjustments are to reflect routine reclassifications of completed construction in progress to infrastructure.

Depreciation expense was charged to the following functions:

	Amount
Governmental activities:	
General government	\$ 11,144
Public safety	241,203
Public works	383,042
Health and welfare	52,148
Culture and recreation	4,240
Total governmental activities depreciation expense	\$ 691,777

	Amount
Business-type activities:	
Solid waste	\$ 89,205

WALTHALL COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2020

Commitments with respect to unfinished capital projects at September 30, 2020, consisted of the following:

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
LSBP-74(20) - Old Bethel Road / May Road	10,594	March, 2021

(7) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2020, to January 1, 2021. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(8) Capital Leases

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2020:

<u>Classes of Property</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Mobile equipment	\$ 473,003	251,000
Less: Accumulated depreciation	<u>(210,498)</u>	<u>(45,180)</u>
Leased Property Under Capital Leases	<u>\$ 262,505</u>	<u>205,820</u>

WALTHALL COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2020

The following is a schedule by years of the total payments due as of September 30, 2020:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 178,318	4,973	62,985	4,801
2022	40,439	2,678	125,030	2,865
2023	27,085	1,583		
2024	27,395	852		
2025	11,116	111		
Total	<u>\$ 284,353</u>	<u>10,197</u>	<u>188,015</u>	<u>7,666</u>

(9) Long-term Debt.

Debt outstanding as of September 30, 2020, consisted of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
General Obligation Refunding Bonds, Series 2016	<u>\$ 2,445,000</u>	2.00-2.50%	10/2032
B. Capital Leases:			
Caterpillar 120M motor grader	\$ 127,329	1.90%	06/2021
2018 Freightliner truck	27,600	2.68%	06/2022
Emulsion storage tank	9,701	2.75%	06/2021
KW truck w/ Body	66,400	3.09%	06/2024
Fire Truck Lexie Fire Dept	<u>53,323</u>	2.00%	12/2021
Total Capital Leases	<u>\$ 284,353</u>		
C. Other Loans:			
Fire truck	\$ 25,107	2.00%	02/2023
2018 Pumper truck	121,198	3.00%	03/2028
2018 Dodge	5,000	3.15%	06/2021
2020 Deep South fire truck	44,000	3.65%	06/2024
Pothole patcher	27,000	3.65%	06/2023
MS road maintenance notes	489,015	2.98%	04/2024
Dump Truck	<u>152,900</u>	2.23%	08/2021
Total Other Loans	<u>\$ 864,220</u>		
Business Type Activities:			
A. Capital Lease			
Solid waste trucks	<u>\$188,015</u>	3.03%	09/2022

WALTHALL COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2020

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
2021	\$ 165,000	51,850	328,174	25,410
2022	170,000	48,500	170,934	16,354
2023	175,000	45,050	160,161	11,265
2024	175,000	41,550	145,030	6,241
2025	180,000	38,000	16,502	1,574
2026 - 2030	955,000	132,350	43,419	1,775
2031 - 2035	625,000	23,563		
Total	\$ 2,445,000	380,863	864,220	62,619

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, 2020, the amount of outstanding debt was equal to 2.24 percentage of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2020:

	Balance Oct. 1, 2019	Additions	Reductions	Balance Sept. 30, 2020	Amount due within one year
Governmental Activities:					
Compensated absences	\$ 89,824	19,425		109,249	
General obligation bonds	2,610,000		165,000	2,445,000	165,000
Less:					
Premiums	12,080		929	11,151	
Capital leases	289,019	53,323	57,989	284,353	178,318
Other loans	876,972	152,900	165,652	864,220	328,174
Total	\$ 3,877,895	225,648	389,570	3,713,973	671,492

WALTHALL COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2020

	Balance Oct. 1, 2019	Reductions	Balance Sept. 30, 2020	Amount due within one year
Business-type Activities:				
Compensated absences	\$ 6,128	2,834	3,294	
Capital leases	251,000	62,985	188,015	62,985
Total	<u>\$ 257,128</u>	<u>65,819</u>	<u>191,309</u>	<u>62,985</u>

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

(10) Defined Benefit Pension Plan.

General Information about the Pension Plan

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

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify 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, 2020

Contributions. At September 30, 2020, 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, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2020, 2019 and 2018 were \$462,723, \$413,019 and \$397,078, 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, 2020, the County reported a liability of \$7,689,138 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020 net pension liability was 0.039719 percent, which was based on a measurement date of June 30, 2020. This was an increase of 0.000778 percent from its proportionate share used to calculate the September 30, 2019 net pension liability, which was based on a measurement date of June 30, 2019.

For the year ended September 30, 2020, the County recognized pension expense of \$863,698. At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 66,712	
Net difference between projected and actual earnings on pension plan investments	318,774	
Changes of assumptions	42,170	
Changes in the proportion and differences between the County's contributions and proportionate share of contributions	116,724	14,006
County contributions subsequent to the measurement date	<u>110,054</u>	
Total	<u>\$ 654,434</u>	<u>14,006</u>

\$110,054 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

WALTHALL COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2020

Year ending September 30	Amount
2021	\$ 79,446
2022	176,291
2023	172,863
2024	101,774
Total	\$ 530,374

Actuarial Assumptions. The total pension liability as of June 30, 2020 was determined by an actuarial valuation prepared as of June 30, 2019, using the following actuarial assumptions, applied to all periods 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 to 119. Mortality rates will be projected generationally using the MP-2018 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2014 to June 30, 2018. The experience report is dated April 2, 2019.

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	0.50
Real Estate	10.00	4.00
Private Equity	8.00	6.25
Cash	1.00	0.00
Total	100.00 %	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current contribution rate (17.40%). Based on those assumptions, the pension plan's fiduciary net position was

WALTHALL COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2020

projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 9,952,643	7,689,138	5,820,835

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) Deficit Fund Balances of Individual Funds.

The following funds reported deficits in fund balances at September 30, 2020:

<u>Fund</u>	<u>Deficit Amount</u>
CARES Act Assistance	\$ (8,000)
CARES Act Youth Court	(1,057)

(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 \$3,652,535 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 \$100,802 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, 2021. The \$493,263 balance of the deferred outflows of resources related to pensions at September 30, 2020,

WALTHALL COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2020

will be recognized in pension expense over the next four years. The \$12,829 balance of the deferred inflows of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next three years.

The business-type activities' unrestricted net position amount of \$(586,460) includes the effect of deferred inflows/outflows of resources related to pensions. A portion of the deferred outflows of resources related to pension in the amount of \$9,252 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, 2021. The \$51,117 balance of the deferred outflows of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next four years. The \$1,177 balance of the deferred inflows of resources related to pensions at September 30, 2020, will be recognized in pension expense over the next three years.

(14) Joint Ventures.

The County participates in the following joint ventures:

Walthall County is a participant with the counties of Amite and Pike in a joint venture, authorized by Section 39-3-11, Mississippi Code Annotated (1972), to operate the Pike-Amite-Walthall Regional Library System. The joint venture was created to provide library service for the three counties and is governed by a five-member board. The counties of Amite and Pike appoint two board members each and Walthall County appoints one board member. By contractual agreement, the County's appropriation to the joint venture was \$118,930 in fiscal year 2020. 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 \$415,046 for operations and maintenance of the college in fiscal year 2020.

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 2020.

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 \$8,657 for its support in fiscal year 2020.

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

Southeast Mississippi Air Ambulance District operates in a district composed of the counties of Covington, Forrest, Greene, Jefferson Davis, Marion, Pearl River, Perry, Stone and Walthall. The Walthall County Board of Supervisors appoints one of the nine members of the board of directors. The County appropriated \$40,000 for support of the district in fiscal year 2020.

WALTHALL COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2020

(16) Tax Abatements.

As of September 30, 2020, 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 Annotated (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 2020 totaled \$16,174.

(17) The Mississippi Office of the State Auditor (OSA) has elected to perform limited procedures in relation to purchasing and compliance with state laws in a separate report which includes a Purchasing Report and a Limited Compliance Report. This report should be viewed in conjunction with those reports in order to gain a comprehensive understanding of the County's operations. This report and OSA's other reports will be available on OSA's website at <http://www.osa.ms.gov/reports>.

(18) 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 April 12, 2024, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2020, the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
03/31/2021	1.27%	\$ 632,000	Other Loan	Ad valorem
12/15/2021	1.69%	70,125	Other Loan	Ad valorem
04/04/2002	1.99%	25,000	Finance Purchase	Ad valorem
04/11/2022	2.59%	206,500	Other Loan	Ad valorem
07/05/2022	3.82%	170,000	Finance Purchase	Ad valorem
12/01/2002	4.73%	11,400	Finance Purchase	Ad valorem
02/06/2023	5.60%	80,000	Finance Purchase	Ad valorem
06/01/2023	4.99%	195,000	Finance Purchase	Ad valorem
02/05/2024	5.10%	165,000	Finance Purchase	Ad valorem

WALTHALL COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

WALTHALL COUNTY

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WALTHALL COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2020
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,284,000	4,366,566	4,366,566	
Licenses, commissions and other revenue	150,000	132,305	132,305	
Fines and forfeitures	125,000	111,890	111,890	
Intergovernmental revenues	620,000	1,229,574	1,229,574	
Charges for services	25,000	77,970	77,970	
Interest income	55,050	146,449	146,449	
Miscellaneous revenues	98,000	364,489	364,489	
Total Revenues	<u>5,357,050</u>	<u>6,429,243</u>	<u>6,429,243</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	2,896,935	2,636,949	2,636,949	
Public safety	1,773,638	1,733,742	1,733,742	
Public works	59,020	51,345	51,345	
Health and welfare	167,633	143,310	143,310	
Culture and recreation	5,100	7,290	7,290	
Education	275,000	339,780	339,780	
Conservation of natural resources	66,500	57,835	57,835	
Economic development and assistance	131,094	175,570	73,930	101,640
Debt service:				
Principal		220,750	220,750	
Total Expenditures	<u>5,374,920</u>	<u>5,366,571</u>	<u>5,264,931</u>	<u>101,640</u>
Excess of Revenues over (under) Expenditures	<u>(17,870)</u>	<u>1,062,672</u>	<u>1,164,312</u>	<u>101,640</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources		11,832,473	11,832,473	-
Special Items	(214,000)			-
Extraordinary Items	(30,000)			-
Other financing uses	(56,250)	(13,625,518)	(13,727,158)	(101,640)
Total Other Financing Sources and Uses	<u>(300,250)</u>	<u>(1,793,045)</u>	<u>(1,894,685)</u>	<u>(101,640)</u>
Net Change in Fund Balance	(318,120)	(730,373)	(730,373)	
Fund Balances - Beginning	<u>6,426,138</u>	<u>8,843,072</u>	<u>8,843,072</u>	
Fund Balances - Ending	<u>\$ 6,108,018</u>	<u>8,112,699</u>	<u>8,112,699</u>	<u>-</u>

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

WALTHALL COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 April 12th Public Assistance Grant FEMA Fund
 For the Year Ended September 30, 2020
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Interest income	\$ -	796	796	
Total Revenues	<u>-</u>	<u>796</u>	<u>796</u>	<u>-</u>
EXPENDITURES				
Current:				
Public works		1,040,985	1,040,985	
Total Expenditures	<u>-</u>	<u>1,040,985</u>	<u>1,040,985</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>-</u>	<u>(1,040,189)</u>	<u>(1,040,189)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources		1,050,000	1,050,000	
Total Other Financing Sources and Uses	<u>-</u>	<u>1,050,000</u>	<u>1,050,000</u>	<u>-</u>
Net Change in Fund Balance		9,811	9,811	
Fund Balances - Beginning				
Fund Balances - Ending	<u>\$ -</u>	<u>9,811</u>	<u>9,811</u>	<u>-</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, 2020
UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability (asset)	0.039719%	0.038941%	0.039092%	0.038514%	0.034478%	0.036479%
County's proportionate share of the net pension liability (asset)	\$ 7,689,138	6,850,491	6,502,162	6,402,334	6,158,632	5,638,934
Covered payroll	\$ 2,644,793	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	290.73%	270.11%	260.46%	259.13%	279.22%	247.43%
Plan fiduciary net position as a percentage of the total pension liability	58.97%	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, 2020
UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 462,723	413,019	397,078	380,664	357,136	359,781
Contributions in relation to the contractually required contribution	<u>462,723</u>	<u>413,019</u>	<u>397,078</u>	<u>380,664</u>	<u>357,136</u>	<u>359,781</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 2,659,325	2,557,393	2,521,124	2,416,910	2,267,530	2,284,321
Contributions as a percentage of covered payroll	17.40%	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 accompanying notes to the Required Supplementary Information are an integral part of this schedule.

WALTHALL COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2020
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 and each major Special Revenue 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 and each major Special Revenue Fund:

	<u>Governmental Fund Types</u>	
	General Fund	April 12th Public Assistance Grant FEMA Fund
	<u> </u>	<u> </u>
Budget (Cash Basis)	\$ (730,373)	9,811
Increase (Decrease)		
Net adjustments for revenue accruals	(11,927,019)	
Net adjustments for expenditure accruals	<u>12,408,265</u>	<u>(2,499)</u>
GAAP Basis	<u>\$ (249,127)</u>	<u>7,312</u>

WALTHALL COUNTY

Notes to the Required Supplementary Information
For the Year Ended September 30, 2020
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, 2020
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, 2018 valuation for the June 30, 2020 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	30.9 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

WALTHALL COUNTY

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WALTHALL COUNTY

OTHER INFORMATION

WALTHALL COUNTY

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WALTHALL COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2020
UNAUDITED

Name	Position	Company	Bond
Robert L. Montgomery	Supervisor District 1	Western Surety Company	\$100,000
John Craft	Supervisor District 2	Western Surety Company	\$100,000
Doug Popwell	Supervisor District 3	Western Surety Company	\$100,000
Bruce M. Boyd	Supervisor District 4	Western Surety Company	\$100,000
Clifton Louis Carr	Supervisor District 5	Western Surety Company	\$100,000
Shannon Fortinberry	Chancery Clerk	Western Surety Company	\$100,000
Hannah Bourgeois	Purchase Clerk	Western Surety Company	\$50,000
Julie Ginn	Receiving Clerk	Western Surety Company	\$50,000
Sherman Lavelle Smith	Assistant Receiving Clerk	Western Surety Company	\$50,000
David Howard Johnson	Assistant Receiving Clerk	Western Surety Company	\$50,000
Daniel Thornton, Jr.	Assistant Receiving Clerk	Western Surety Company	\$50,000
Troy Earl Thomas	Assistant Receiving Clerk	Western Surety Company	\$50,000
Henry Earl Warren	Assistant Receiving Clerk	Western Surety Company	\$50,000
Jackie Glen Hartley	Assistant Receiving Clerk	Western Surety Company	\$50,000
Milton Ray Dunaway	Inventory Control Clerk	Western Surety Company	\$75,000
Raymond Gutter	Constable	Western Surety Company	\$50,000
Roy Hunn	Constable	Western Surety Company	\$50,000
Vernon Alford	Circuit Clerk	Western Surety Company	\$100,000
Vanessa Walker	Deputy Circuit Clerk	Western Surety Company	\$50,000
Kamie Bacot	Deputy Circuit Clerk	Western Surety Company	\$50,000
Kyle Breland	Sheriff	Western Surety Company	\$100,000
David Bruhl	Justice Court Judge	Western Surety Company	\$50,000
Carl Montgomery Jr.	Justice Court Judge	Western Surety Company	\$50,000
LaShanda Magee	Justice Court Clerk	Western Surety Company	\$50,000
Cherie Provost	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Cindy Davis	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Angele Tullos	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Jessica Jones	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Joey Smith	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Peggy Hilburn	Tax Assessor-Collector	Western Surety Company	\$100,000
Amy Hill	Deputy Tax Collector	Western Surety Company	\$50,000
Kelli Boyd	Deputy Tax Collector	Western Surety Company	\$50,000
Angela Craft	Deputy Tax Collector	Western Surety Company	\$50,000
Carla Johnson	Deputy Tax Collector	Western Surety Company	\$50,000
Abby Kennedy	Deputy Tax Collector	Western Surety Company	\$50,000
Kandi Rae Crain	Deputy Tax Collector	Western Surety Company	\$50,000
Nedra Mazarac	Deputy Tax Collector	Western Surety Company	\$50,000

WALTHALL COUNTY

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WALTHALL COUNTY

SPECIAL REPORTS

WALTHALL 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, each major fund, and the aggregate remaining fund information of Walthall County, Mississippi (the County), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 12, 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 Justice Court and Circuit Court fines receivable, net and the aging of these receivables at September 30, 2020.

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.

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 2020-001, 2020-002, 2020-003, 2020-004, 2020-005, 2020-006, 2020-007, 2020-008, and 2020-009 to be material weaknesses.

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 2020-004, 2020-005, and 2020-006.

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 April 12, 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

April 12, 2024

WALTHALL COUNTY

SCHEDULE OF FINDINGS AND RESPONES

WALTHALL COUNTY

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WALTHALL COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2020

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
April 12th Public Assistance Grant FEMA	Unmodified
Solid Waste Fund	Unmodified
Aggregate remaining fund information	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? Yes

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2020-001. Multiple weaknesses 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 four 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.

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

WALTHALL COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2020

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

Views of Responsible Official(s) We will comply.

Material Weakness

2020-002. 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 four 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 County 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 of payroll and other payroll duties.

Views of Responsible Official(s) We will comply.

WALTHALL COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2020

Material Weakness

2020-003.	<u>Controls over cash collections and disbursements in the Solid Waste Office should be strengthened.</u>
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 four 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 are complying with the finding. This issue is being resolved in 2023.

**Material Weakness
Material Noncompliance**

2020-004.	<u>Controls over the levying of ad valorem taxes should be strengthened.</u>
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 four years' audit reports, section 3 of the levy includes the citation of <i>Section 37-21-1, Mississippi Code Annotated (1972)</i> , as authorization for the levy of taxes for the purpose of Countywide School Maintenance. This Code Section does not give the County any authority to levy taxes.
Cause	The County lacked the necessary internal controls over the levying of ad valorem taxes.
Effect	Failure to appropriately levy ad valorem taxes resulted in unauthorized collection of ad valorem taxes for Fiscal Year 2020.

WALTHALL COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2020

Recommendation The Board of Supervisors should implement procedures to ensure the correct descriptions, purposes, and code sections are recorded in the levy and that all levies are specifically authorized by state statute.

Views of Responsible Official(s) We have already complied.

Material Weakness
Material Noncompliance

2020-005. Controls over the repayment of interfund loans should be strengthened.

Repeat Finding Yes

Criteria The Mississippi Code is silent regarding the authority of the County to make interfund loans.

Condition As reported in the prior three years' audit reports, the County had interfund loans in the amount of \$24,945 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.

Cause The County lacked the necessary internal controls to ensure that interfund loans were repaid within one year.

Effect The failure to ensure repayment of these loans is a diversion of legally restricted funds.

Recommendation The Board of Supervisors should ensure all advances are repaid.

Views of Responsible Official(s) We will comply.

Inventory Control Clerk

Material Weakness
Material Noncompliance

2020-006. The Inventory Control Clerk should maintain an inventory control system.

Repeat Finding Yes

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

Condition As reported in the prior four years' audit reports, Control procedures were insufficient for maintaining adequate subsidiary records for inventory additions and deletions. The County was unable to document a complete listing of inventory additions and deletions at fiscal year-end.

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

WALTHALL COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2020

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 will comply.

Circuit Clerk

Material Weakness

2020-007. The Circuit Court Clerk should ensure effective controls over fines receivables.

Repeat Finding Yes

Criteria As reported in the prior three 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 documenting 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.

Views of Responsible Official(s) When we became aware of this deficiency, we began printing the receivable report as of September 30th of each year to provide an accurate report as of this date.

Justice Court Clerk

Material Weakness

2020-008. The Justice Court Clerk should ensure effective controls over fines receivables.

Repeat Finding No

Criteria 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 documenting the existence and valuation of fines receivable for Justice Court fines and aging of fines receivables.

WALTHALL COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2020

Cause The Justice Court 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 Justice Court Clerk's fines receivables.

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

Views of Responsible Official(s) I started working as Justice Court Clerk in 2020. I did not know that we needed to run the report.

Tax Assessor-Collector

Material Weakness

2020-009. Controls over the Tax Assessor-Collector's cash journal should be strengthened.

Repeat Finding No

Criteria An effective system of internal control over cash receipts, cash disbursements and accounting for cash transactions should include the use of proper cash journals and the reconciliation of bank statements to those cash journals.

Condition The following deficiencies were noted:

- a. Bank statements were not reconciled properly.
- b. There is an unidentified overage in the September 2020 Settlement compared to the Distribution of Cash.
- c. A cash count conducted on 09/18/23 revealed a shortage of \$97,142.95 in the Tax Assessor-Collector's account.

Cause The Tax Assessor-Collector lacked necessary controls.

Effect These deficiencies could result in the loss or misappropriation of public funds.

Recommendation The Tax Assessor-Collector should implement procedures to ensure cash journals are maintained, the bank statements are reconciled to the cash journal, and all transactions are recorded in the correct month.

Views of Responsible Official(s) Internal Audit has revealed some credit cards have not settled since 2020. The audit is still ongoing and will be resolved by January 2024.