

WEBSTER COUNTY, MISSISSIPPI

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



SHAD WHITE
STATE AUDITOR

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

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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

Shad White
AUDITOR

March 22, 2022

Members of the Board of Supervisors
Webster County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2020 financial and compliance audit report for Webster County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

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

Respectfully submitted,

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

Shad White

WEBSTER COUNTY

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WEBSTER COUNTY

FINANCIAL SECTION

WEBSTER COUNTY

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

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Webster County, Mississippi

Report on the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Webster County, Mississippi, as of September 30, 2020, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Report on Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2022 on our consideration of Webster County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Webster County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Webster County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

March 22, 2022

WEBSTER COUNTY

FINANCIAL STATEMENTS

WEBSTER COUNTY

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WEBSTER COUNTY
Statement of Net Position - Cash Basis
September 30, 2020

Exhibit 1

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash	\$ 3,812,408
Total Assets	<u>3,812,408</u>
NET POSITION	
Restricted:	
Expendable:	
General government	54,614
Public safety	175,534
Public works	2,407,073
Culture and recreation	9,267
Debt service	32,906
Unemployment compensation	7,413
Unrestricted	<u>1,125,601</u>
Total Net Position	<u>\$ 3,812,408</u>

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

WEBSTER COUNTY
Statement of Activities - Cash Basis
For the Year Ended September 30, 2020

Exhibit 2

Functions/Programs	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,506,572	39,863		12,705	(2,454,004)
Public safety	1,211,595	299,558	59,483	10,303	(842,251)
Public works	3,532,486	368,147	829,521	568,652	(1,766,166)
Health and welfare	94,361		18,160		(76,201)
Culture and recreation	48,765		3,727		(45,038)
Conservation of natural resources	34,752		6,359		(28,393)
Economic development and assistance	79,000				(79,000)
Purchase of investment	1,952				(1,952)
Debt service:					
Principal	372,012				(372,012)
Interest	21,403				(21,403)
Total Governmental Activities	<u>7,902,898</u>	<u>707,568</u>	<u>917,250</u>	<u>591,660</u>	<u>(5,686,420)</u>
General receipts:					
Property taxes				\$	3,763,417
Road & bridge privilege taxes					118,574
Grants and contributions not restricted to specific programs					388,208
Unrestricted interest income					84,356
Miscellaneous					253,893
Sale of investments					165,371
Sale of county property					87,391
Total General Receipts and Other Cash Sources					<u>4,861,210</u>
Changes in Net Position					(825,210)
Net Position - Beginning					<u>4,637,618</u>
Net Position - Ending				\$	<u><u>3,812,408</u></u>

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

WEBSTER COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
September 30, 2020

Exhibit 3

	<u>Major Funds</u>			
	General	ERBR/STP/ BR-1719(3)	Other	Total
	<u>Fund</u>	<u>Fund</u>	<u>Governmental</u> <u>Funds</u>	<u>Governmental</u> <u>Funds</u>
ASSETS				
Cash	\$ 960,230	439,391	2,412,787	3,812,408
Total Assets	<u>\$ 960,230</u>	<u>439,391</u>	<u>2,412,787</u>	<u>3,812,408</u>
FUND BALANCES				
Restricted for:				
General government	\$		54,614	54,614
Public safety			175,534	175,534
Public works		439,391	1,967,682	2,407,073
Culture and recreation			9,267	9,267
Debt service			32,906	32,906
Unemployment compensation			7,413	7,413
Committed to:				
General government			165,371	165,371
Unassigned	960,230			960,230
Total Fund Balances	<u>\$ 960,230</u>	<u>439,391</u>	<u>2,412,787</u>	<u>3,812,408</u>

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

WEBSTER COUNTY
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -
Governmental Funds
For the Year Ended September 30, 2020

Exhibit 4

	Major Funds		Other	Total
	General	ERBR/STP/ BR-1719(3)	Governmental	Governmental
	Fund	Fund	Funds	Funds
RECEIPTS				
Property taxes	\$ 2,371,767		1,391,650	3,763,417
Road and bridge privilege taxes			118,574	118,574
Licenses, commissions and other receipts	84,340		7,746	92,086
Fines and forfeitures	86,524		34,284	120,808
Intergovernmental receipts	483,962		1,413,156	1,897,118
Charges for services	30,745		463,929	494,674
Interest income	55,223	7,472	21,661	84,356
Miscellaneous receipts	247,749		6,144	253,893
Total Receipts	3,360,310	7,472	3,457,144	6,824,926
DISBURSEMENTS				
General government	2,014,308		492,264	2,506,572
Public safety	912,187		299,408	1,211,595
Public works		902,886	2,629,600	3,532,486
Health and welfare	86,774		7,587	94,361
Culture and recreation	48,765			48,765
Conservation of natural resources	34,752			34,752
Economic development and assistance	79,000			79,000
Debt service:				
Principal	28,707		343,305	372,012
Interest	9,966		11,437	21,403
Total Disbursements	3,214,459	902,886	3,783,601	7,900,946
Excess (Deficiency) of Receipts over (under) Disbursements	145,851	(895,414)	(326,457)	(1,076,020)
OTHER CASH SOURCES (USES)				
Sale of county property	61,000		26,391	87,391
Transfers in			390,655	390,655
Transfers out	(262,505)		(128,150)	(390,655)
Purchase of investment			(1,952)	(1,952)
Sale of investments			165,371	165,371
Total Other Cash Sources and Uses	(201,505)	0	452,315	250,810
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	(55,654)	(895,414)	125,858	(825,210)
Cash Basis Fund Balances - Beginning	1,015,884	1,334,805	2,286,929	4,637,618
Cash Basis Fund Balances - Ending	\$ 960,230	439,391	2,412,787	3,812,408

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

WEBSTER COUNTY
Statement of Fiduciary Assets and Liabilities - Cash Basis
September 30, 2020

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 45,381
Total Assets	\$ <u>45,381</u>
LIABILITIES	
Other liabilities	\$ 23,809
Intergovernmental payables	<u>21,572</u>
Total Liabilities	\$ <u>45,381</u>

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

WEBSTER COUNTY

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WEBSTER COUNTY

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

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

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

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

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

B. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

WEBSTER COUNTY

Notes to Financial Statements For the Year Ended September 30, 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, fund balances, receipts and disbursements. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

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

The County reports the following major Governmental Funds:

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

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

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

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

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

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

FIDUCIARY FUND TYPE

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

WEBSTER COUNTY

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

D. Account Classifications.

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

E. Deposits.

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

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

F. Equity Classifications.

Government-wide Financial Statements:

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

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

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

Net Position Flow Assumption:

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

Fund Financial Statements:

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

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

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

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

WEBSTER COUNTY

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

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

Fund Balance Flow Assumption:

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

G. Property Tax Receipts.

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

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

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2020, was \$3,857,789, and the bank balance was \$4,429,387. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

WEBSTER COUNTY

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

(3) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2020:

Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 262,505
Other Governmental Funds	Other Governmental Funds	<u>128,150</u>
Total		<u>\$ 390,655</u>

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

(4) Claims and Judgments.

Risk Financing.

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

(5) Contingencies.

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

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

(6) Joint Ventures.

The County participates in the following joint ventures:

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

WEBSTER COUNTY

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

Authority's board members. Webster County did not contribute any funds to the organization in the fiscal year 2020. Complete financial statements for the Golden Triangle Regional Solid Waste Management Authority can be obtained from Golden Triangle Planning and Development District, Post Office Box 828, Starkville, Mississippi 39760-0828.

(7) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Webster County Board of Supervisors appoints two of the 22 members of the board of trustees. The County contributed \$132,667 for maintenance and support of the college in fiscal year 2020.

The Golden Triangle Planning and Development District operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Webster County Board of Supervisors appoints four of the 28 members of the board of directors. The County contributed \$29,000 for the district fiscal year 2020.

Tombigbee Regional Library System provides services for the Counties of Choctaw, Clay, Monroe and Webster. The Webster County Board of Supervisors appoints one of the five members of the board of directors. The County contributed \$43,300 for maintenance and support of the system in fiscal year 2020.

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

Community Counseling Services operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Webster County Board of Supervisors appoints one of the seven members of the board of directors. The County contributed \$20,000 for the support of the agency in fiscal year 2020.

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

(8) Defined Benefit Pension Plan.

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

Funding Policy. At September 30, 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 rate at September 30, 2020 was 17.40% of annual covered payroll. The contribution requirements of PERS

WEBSTER COUNTY

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

members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2020, 2019 and 2018 were \$297,813, \$275,675 and \$257,180, respectively, equal to the required contributions for each year.

(9) Tax Abatements.

As of September 30, 2020, Webster County provides tax exempt status to four manufacturing companies subject to the requirements of GASB Statement No. 77. These manufacturing companies are exempt from real property taxes and personal property taxes except for levies involving the school, the mandatory mill, and the community college tax levies. These exemptions are authorized under Sections 27-31-101 and 27-31-105 of the Miss. Code Ann. (1972). These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2020 totaled \$107,779.

WEBSTER COUNTY

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WEBSTER COUNTY

OTHER INFORMATION

WEBSTER COUNTY

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 2,279,829	2,371,767	2,371,767	
Licenses, commissions and other receipts	74,300	84,340	84,340	
Fines and forfeitures	102,500	86,524	86,524	
Intergovernmental receipts	449,405	483,962	483,962	
Charges for services	15,000	30,745	30,745	
Interest income	16,075	55,223	55,223	
Miscellaneous receipts	35,200	247,749	247,749	
Total Receipts	<u>2,972,309</u>	<u>3,360,310</u>	<u>3,360,310</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	2,085,775	2,014,308	2,014,308	
Public safety	893,226	912,187	912,187	
Health and welfare	96,345	86,774	86,774	
Culture and recreation	48,920	48,765	48,765	
Conservation of natural resources	51,554	34,752	34,752	
Economic development and assistance	79,000	79,000	79,000	
Debt service:				
Principal		28,707	28,707	
Interest		9,966	9,966	
Total Disbursements	<u>3,254,820</u>	<u>3,214,459</u>	<u>3,214,459</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(282,511)</u>	<u>145,851</u>	<u>145,851</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Sale of county property		61,000	61,000	
Transfers out		(262,505)	(262,505)	
Other financing sources	(60,180)			
Other financing uses	60,475			
Total Other Cash Sources and Uses	<u>295</u>	<u>(201,505)</u>	<u>(201,505)</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(282,216)</u>	<u>(55,654)</u>	<u>(55,654)</u>	
Cash Basis Fund Balances - Beginning	<u>1,261,308</u>	<u>1,015,884</u>	<u>1,015,884</u>	
Cash Basis Fund Balances - Ending	<u>\$ 979,092</u>	<u>960,230</u>	<u>960,230</u>	<u>0</u>

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

WEBSTER COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 ERBR/STP/BR-1719(3) Fund
 For the Year Ended September 30, 2020
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Interest income	\$	7,472	7,472	0
Total Receipts	0	7,472	7,472	0
DISBURSEMENTS				
Current:				
Public works		902,886	902,886	0
Total Disbursements	0	902,886	902,886	0
Excess (Deficiency) of Receipts over (under) Disbursements	0	(895,414)	(895,414)	0
Cash Basis Fund Balances - Beginning		1,334,805	1,334,805	0
Cash Basis Fund Balances - Ending	\$ 0	439,391	439,391	0

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

WEBSTER COUNTY
Schedule of Investments
For the Year Ended September 30, 2020
UNAUDITED

Fund	Description	Beginning Date	Maturity Date	Interest Rate	Balance October 1, 2019	Purchases	Redeemed Sales	Balance September 30, 2020
OTHER GOVERNMENTAL FUNDS								
027 Courthouse Recovery Fund	Certificate of Deposit - 7003654	08/17/17	08/17/21	1.10%	164,466	905	165,371	0
027 Courthouse Recovery Fund	Certificate of Deposit - 7003655	08/17/17	08/17/22	1.35%	155,155	1,047		156,202
Total Other Governmental Funds					319,621	1,952	165,371	156,202
TOTAL GOVERNMENTAL FUNDS					319,621	1,952	165,371	156,202

WEBSTER COUNTY
Schedule of Interfund Advances
For the Year Ended September 30, 2020
UNAUDITED

A. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at Sept. 30, 2020
Other Governmental Funds	Other Governmental Funds	\$ <u>14,400</u>
Total		\$ <u><u>14,400</u></u>

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

WEBSTER COUNTY
Schedule of Capital Assets
For the Year Ended September 30, 2020
UNAUDITED

Governmental activities:

	Balance Oct. 1, 2019	Additions	Deletions	Adjustments *	Balance Sept. 30, 2020
Land	\$ 146,040		19,000		127,040
Construction in progress	7,599,698	1,559,609		(7,945,013)	1,214,294
Infrastructure	5,614,955			1,996,252	7,611,207
Buildings	1,736,302		61,000	5,948,761	7,624,063
Mobile equipment	3,822,481	342,277	112,413		4,052,345
Furniture and equipment	394,392				394,392
Leased property under capital leases	1,082,454	106,906			1,189,360
Total capital assets	\$ <u>20,396,322</u>	<u>2,008,792</u>	<u>192,413</u>	<u>0</u>	<u>22,212,701</u>

* The adjustments column includes the reclassification of completed construction in progress to infrastructure and buildings.

WEBSTER COUNTY
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2020
UNAUDITED

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

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2019	Issued	Principal Payments	Balance Sept. 30, 2020
Governmental Activities:							
A. Capital Leases:							
John Deer 6105D tractor wJD H310 loader	02/2016	02/2020	2.10%	\$ 4,893		4,893	-
2016 Mack tractor trailer	03/2016	06/2022	3.15%	52,145		18,993	33,152
2016 Caterpillar Motorgrader - District 1	09/2016	10/2021	1.95%	40,416		19,975	20,441
2016 Caterpillar Motorgrader - District 2	09/2016	10/2021	1.95%	52,816		26,080	26,736
E-911 Equipment	12/2016	01/2022	1.97%	78,593		34,493	44,100
F-150 Truck - Receiving Clerk	02/2017	02/2021	2.25%	7,525		5,625	1,900
Rock Spreader	08/2017	08/2021	1.94%	68,195		36,895	31,300
2006 Link Belt Excavator	10/2018	10/2022	3.15%	43,776		14,133	29,643
AS400 Server	07/2019	07/2023	2.45%	27,644		7,124	20,520
(2) Dodge Durango SUVs	07/2019	07/2023	2.75%	62,191		15,960	46,231
District 1 Dodge Ram Truck	03/2020	04/2024	2.28%		28,072	3,372	24,700
District 2 Dodge Ram Truck	03/2020	04/2024	2.28%		28,072	3,372	24,700
District 4 Dodge Ram Truck	03/2020	04/2024	2.28%		22,878	2,748	20,130
District 5 Dodge Ram Truck	03/2020	04/2024	2.28%		27,884	3,349	24,535
B. Other Loans:							
Front Line Apparel MDA Loan*	05/2007	11/2009	3.00%	108,833			108,833
Front Line Apparel MDA Loan*	08/2005	07/2011	3.00%	242,500			242,500
Webster County Courthouse - Promissory Note	10/2017	08/2022	1.83%-2.83%	485,000		175,000	310,000
Total				\$ 1,274,527	106,906	372,012	1,009,421

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

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

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

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

WEBSTER COUNTY

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WEBSTER COUNTY

Notes to Other Information
For the Year Ended September 30, 2020

UNAUDITED

(1) Budgetary Comparison Information.

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

(2) Long-term Debt Information:

A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2020, there is no outstanding debt that is subject to these debt limitations.

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

WEBSTER COUNTY

Notes to Other Information
For the Year Ended September 30, 2020

UNAUDITED

C. Subsequent Events.

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

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
11/09/2020	2.05%	\$ 26,130	Capital Lease	Advalorem Taxes
01/00/1900	2.65%	87,554	Capital Lease	Advalorem Taxes

WEBSTER COUNTY

SPECIAL REPORTS

WEBSTER COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Webster County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Webster County, Mississippi (the County), as of and for the year ended September 30, 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 March 22, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2020-001, 2020-002 and 2020-003 that we consider to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Webster County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated March 22, 2022, included within this document.

Webster County's Responses to Findings

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

Purpose of this Report

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

March 22, 2022



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

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

Members of the Board of Supervisors
Webster County, Mississippi

We have examined Webster County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2020. The Board of Supervisors of Webster County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

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

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

Purchase Clerk.

1. The Purchase Clerk shall be responsible for the maintenance of the central purchasing system of the county.

Repeat Finding No.

Criteria Section 31-7-103, Miss. Code Ann. (1972), requires a purchase requisition, purchase order, and receiving report for all purchases of more than One Thousand Five Dollars (\$1,500.00) in the aggregate. Further, the Purchase Clerk is required to maintain the central purchasing system of the county.

Condition	During our review, we noted that purchase documentation, specifically the invoice, purchase order, purchase requisition, and receiving dates were not completed in a logical time sequence.
Cause	The Purchase Clerk failed to adhere to state purchasing laws.
Effect	Failure to follow state purchasing laws and guidelines could result in the loss of public funds.
Recommendation	The Purchase Clerk should ensure that purchasing documents are properly completed and date sequence is logical.
Views of Responsible Official(s)	Will talk to the Board of Supervisors to make them aware of purchasing guidelines. I will comply to the best of my ability.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Webster County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2020.

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

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

March 22, 2022

WEBSTER COUNTY

Schedule 1

Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2020

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

WEBSTER COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2020

Schedule 2

Our tests did not identify any emergency purchases.

WEBSTER COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2020

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

WEBSTER COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Webster County, Mississippi

In planning and performing our audit of the cash basis financial statements of Webster County, Mississippi (the County) for the year ended September 30, 2020, we considered Webster County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Webster County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated March 22, 2022, on the financial statements of Webster County, Mississippi.

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

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

Board of Supervisors / Tax Assessor - Collector.

1. Ad valorem property tax exemptions should be certified by the Mississippi Department of Revenue.

Repeat Finding Yes.

Criteria Section 27-31-107, Miss. Code Ann. (1972), states that any person, firm or corporation claiming exemptions from county ad valorem taxations as provided in Sections 31-101 through 27-31-117 shall first file an application with the County Board of Supervisors. Furthermore, the application, together with the resolution of approval, shall be forwarded to the Mississippi Department of Revenue within thirty (30) days from the date of the resolution. After investigation of the eligibility of the property, the department shall certify the exemption, if eligible.

Condition	As reported in the prior year's audit report, the Tax Assessor-Collector allowed ad valorem tax exemptions on property that was not certified for exemption by the Mississippi Department of Revenue.
Cause	The County did not comply with state statutes.
Effect	The allowance by the Tax Assessor-Collector of ad valorem tax exemptions on ineligible property could result in the loss of public funds.
Recommendation	The Tax Assessor-Collector should ensure that county ad valorem tax exemptions are allowed only for eligible property certified by the Mississippi Department of Revenue.
Views of Responsible Official(s)	Per conversation with my head appraiser, we will develop an exemption log and other things that we may have better control of this. I will in the future be in better control of this.

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

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



JOE E. MCKNIGHT, CPA
Director, County Audit Section

March 22, 2022

WEBSTER COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

WEBSTER COUNTY

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WEBSTER COUNTY

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

Section 1: Summary of Auditor's Results

Financial Statements:

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

Section 2: Financial Statement Findings

Justice Court Clerk.

Material Weakness

2020-001. Cash collection and disbursement functions in the Justice Court office are not adequately separated for effective internal control.

Repeat Finding Yes.

Criteria An effective system of internal control should include an adequate separation of duties.

Condition As reported in the prior eleven years' audit reports, cash collection and disbursement functions in the Justice Court office are not adequately separated for effective internal control. The Justice Court Clerk is involved in preparing deposits, calculating the monthly settlements, reconciling the bank statements, and disbursing funds.

Cause Insufficient staffing of the Justice Court Clerk's office.

Effect Failure to have an adequate separation of duties could result in the loss of public funds.

Recommendation The Justice Court Clerk's office should implement a system for review of the accounting records by another person.

Views of Responsible Official(s) The County cannot afford to hire another person.

Material Weakness

2020-002. Controls over accounting for cash collections in Justice Court should be strengthened.

Repeat Finding Yes.

Criteria An effective system of internal control over cash collections in the Justice Court Clerk's office should include the proper recording of all collections and settlements in the cash journal and the reconciliation of the cash balances in the cash journals to the bank accounts each month.

WEBSTER COUNTY

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

Condition	As reported in the prior nine years' audit reports, the bond account was not properly reconciled to the cash balance reported in the Justice Court's cash journal with an unidentified shortage of \$9,643 at 9/30/2020.
Cause	Poorly designed controls over the reconciliation process.
Effect	Failure to properly reconcile cash balances each month could result in the loss of public funds.
Recommendation	The Justice Court Clerk's office should perform a monthly reconciliation of the outstanding cash bonds detail listing to the amount shown in the cash journal.
Views of Responsible Official(s)	Fixing ASAP (as soon as possible).

Tax Assessor-Collector.

Material Weakness

2020-003.	<u>Controls over cash collections and disbursements in the Tax Assessor-Collector's office should be strengthened.</u>
Repeat Finding	Yes.
Criteria	An effective system of internal control should include an adequate separation of duties.
Condition	As reported in the prior eleven years' audit reports, cash collection and disbursement functions in the Tax Assessor-Collector's office are not adequately separated for effective internal control. The Tax Assessor-Collector prepares deposits, calculates the monthly settlements, posts to the cash journal, reconciles the bank statements and disburses all funds.
Cause	Insufficient staffing of the Tax Assessor-Collector's office.
Effect	Failure to have an adequate separation of duties could result in the loss of public funds.
Recommendation	The Tax Assessor-Collector should implement a system for review of the accounting records by another person.
Views of Responsible Official(s)	I only have two employees and myself. I try to separate duties as best I can. I will work harder to make this possible.