

WAYNE COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2021



SHAD WHITE

STATE AUDITOR

Stephanie C. Palmertree, CPA
Deputy State Auditor

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

February 27, 2023

Members of the Board of Supervisors
Wayne County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2021 financial and compliance audit report for Wayne 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 Wayne County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Wayne 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

WAYNE COUNTY
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WAYNE COUNTY

FINANCIAL SECTION

WAYNE 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
Wayne 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 Wayne County, Mississippi, (the County) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government 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.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the County's legally separate component units. Accounting principles applicable to the County's cash basis of accounting require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the cash basis assets, net position, receipts, and disbursements of the aggregate discretely presented component units is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the cash basis financial position of the aggregate discretely presented component units of Wayne County, Mississippi, as of September 30, 2021, or the changes in cash basis financial position thereof for the year then ended in accordance with accounting principles applicable to the County's cash basis of accounting.

Unmodified 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 Wayne County, Mississippi, as of September 30, 2021, 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 Wayne County, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wayne County, Mississippi's basic financial statements. The accompanying Schedule of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying Schedule of Operating Costs of Solid Waste is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2023 on our consideration of Wayne 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 Wayne 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 Wayne County, Mississippi's internal control over financial reporting and compliance.

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

JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 27, 2023

WAYNE COUNTY

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WAYNE COUNTY

FINANCIAL STATEMENTS

WAYNE COUNTY

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WAYNE COUNTY
Statement of Net Position - Cash Basis
September 30, 2021

Exhibit 1

	Primary Government
	Governmental
	Activities
ASSETS	
Cash	\$ 21,214,385
Total Assets	<u>21,214,385</u>
NET POSITION	
Restricted:	
Expendable:	
General government	2,267,971
Public safety	147,052
Public works	12,763,131
Culture and recreation	30,106
Economic development and assistance	2,501,117
Debt service	376,422
Unrestricted	<u>3,128,586</u>
Total Net Position	<u>\$ 21,214,385</u>

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

WAYNE COUNTY
Statement of Activities - Cash Basis
For the Year Ended September 30, 2021

Exhibit 2

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 3,094,003	408,923	27,656		(2,657,424)
Public safety	3,268,488	614,730	488,420		(2,165,338)
Public works	5,308,679	671,575	4,367,196	81,175	(188,733)
Health and welfare	295,745		70,133	12,626	(212,986)
Culture and recreation	19,802				(19,802)
Conservation of natural resources	61,519				(61,519)
Economic development and assistance	286,451		96,262		(190,189)
Debt service:					
Principal	1,111,832				(1,111,832)
Interest	378,931				(378,931)
Total Governmental Activities	\$ 13,825,450	1,695,228	5,049,667	93,801	(6,986,754)
General receipts:					
Property taxes				\$	7,056,291
Road & bridge privilege taxes					284,190
Grants and contributions not restricted to specific programs					1,664,718
Unrestricted interest income					50,253
Miscellaneous					548,473
Proceeds from debt issuance					9,264,108
Sale of county property					165,930
Total General Receipts and Other Cash Sources					19,033,963
Changes in Net Position					12,047,209
Net Position - Beginning, as previously reported					9,167,134
Fund reclassification					42
Net Position - Beginning of year, as restated					9,167,176
Net Position - Ending				\$	21,214,385

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

WAYNE COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
September 30, 2021

Exhibit 3

	<u>Major Funds</u>			<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>2021 Use Tax</u>	<u>American</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Construction</u>	<u>Rescue</u>	<u>Funds</u>	<u>Funds</u>
ASSETS					
Cash	\$ 3,128,586	5,147,794	1,961,389	10,976,616	21,214,385
Total Assets	<u>\$ 3,128,586</u>	<u>5,147,794</u>	<u>1,961,389</u>	<u>10,976,616</u>	<u>21,214,385</u>
FUND BALANCES					
Restricted for:					
General government	\$			2,267,971	2,267,971
Public safety				147,052	147,052
Public works		5,147,794	1,961,389	5,653,948	12,763,131
Culture and recreation				30,106	30,106
Economic development and assistance				2,501,117	2,501,117
Debt service				376,422	376,422
Unassigned	3,128,586				3,128,586
Total Fund Balances	<u>\$ 3,128,586</u>	<u>5,147,794</u>	<u>1,961,389</u>	<u>10,976,616</u>	<u>21,214,385</u>

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

WAYNE COUNTY

Exhibit 4

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -
Governmental Funds
For the Year Ended September 30, 2021

	Major Funds			Other	Total
	General	2021 Use Tax	American	Governmental	Governmental
	Fund	Construction	Rescue	Funds	Funds
RECEIPTS					
Property taxes	\$ 4,554,708			2,501,583	7,056,291
Road and bridge privilege taxes				284,190	284,190
Licenses, commissions and other receipts	205,205			98,055	303,260
Fines and forfeitures	183,446			4,158	187,604
Intergovernmental receipts	1,401,783		1,960,155	3,446,248	6,808,186
Charges for services	184,686			1,019,678	1,204,364
Interest income	14,670		1,234	34,349	50,253
Miscellaneous receipts	329,132	147,794		71,547	548,473
Total Receipts	6,873,630	147,794	1,961,389	7,459,808	16,442,621
DISBURSEMENTS					
General government	2,974,884			119,119	3,094,003
Public safety	2,209,116			1,059,372	3,268,488
Public works				5,308,679	5,308,679
Health and welfare	295,745				295,745
Culture and recreation	10,000			9,802	19,802
Conservation of natural resources	61,519				61,519
Economic development and assistance	48,953			237,498	286,451
Debt service:					
Principal	8,190			1,104,595	1,112,785
Interest	594			377,384	377,978
Total Disbursements	5,609,001	0	0	8,216,449	13,825,450
Excess (Deficiency) of Receipts over (under) Disbursements	1,264,629	147,794	1,961,389	(756,641)	2,617,171
OTHER CASH SOURCES (USES)					
Proceeds from debt issuance				4,264,108	4,264,108
Long-term non-capital debt issued		5,000,000			5,000,000
Sale of county property				165,930	165,930
Transfers in	955,221			1,976,107	2,931,328
Transfers out	(796,261)			(2,135,067)	(2,931,328)
Total Other Cash Sources and Uses	158,960	5,000,000	0	4,271,078	9,430,038
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	1,423,589	5,147,794	1,961,389	3,514,437	12,047,209
Cash Basis Fund Balances - Beginning, as previously reported	1,704,955	0	0	7,462,179	9,167,134
Fund reclassification	42				42
Cash Basis Fund Balances - Beginning, as restated	1,704,997	0	0	7,462,179	9,167,176
Cash Basis Fund Balances - Ending	\$ 3,128,586	5,147,794	1,961,389	10,976,616	21,214,385

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

WAYNE COUNTY
Statement of Fiduciary Net Position - Cash Basis
September 30, 2021

Exhibit 5

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ <u>27,369</u>
Total Assets	<u>27,369</u>
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	<u>27,369</u>
Total Net Position	\$ <u>27,369</u>

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

WAYNE COUNTY
Statement of Changes in Fiduciary Net Position - Cash Basis
For the Year Ended September 30, 2021

Exhibit 6

	<u>Custodial Funds</u>
CASH ADDITIONS	
Licenses and fees collected for State	\$ 331,761
Total Additions	<u>331,761</u>
CASH DEDUCTIONS	
Payments of licenses and fees to State	<u>304,062</u>
Total Deductions	<u>304,062</u>
Net increase (decrease) in fiduciary net position	27,699
Net Position - Beginning	<u>(330)</u>
Net Position - Ending	\$ <u><u>27,369</u></u>

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

WAYNE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Wayne 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 Wayne County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of these component units necessary for reporting in accordance with accounting principles applicable to the County's cash basis of accounting.

- Wayne County Economic Development District
- Wayne General Hospital

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. Individual Component Unit Disclosures.

Blended Component Units

Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, these component units are reported as if they are part of the primary government. The following component units' balances and transactions are blended with the balances and transactions of the primary government.

The Wayne County Volunteer Fire Department, Inc. was organized under *Section 19-5-151, Mississippi Code of 1972 Annotated*, and is a legally separate entity. The Fire Department provides fire protection and other emergency services to all areas of the county outside the cities of Waynesboro and State Line. A majority of the Department's funding is supplied by the County. The Fire Department is included as a special revenue fund in the County's financial statements.

The Emergency Management District of Wayne County was created by Wayne County and the City of Waynesboro under the authority of *Section 33-15-17, Mississippi Code of 1972 Annotated*, to provide emergency management and communications services and facilities (E-911), including emergency radio and telephone dispatching service, in a manner which best fills the needs of all local communities. The President of The Board of Supervisors

WAYNE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

and the Wayne County Sheriff serve as two of the five members of the governing county of the District. The County is legally entitled to and can access the District's resources; and the County is obligated for the debt of the District. The Emergency Management District of Wayne County is included in the County's financial statements as a special revenue fund.

C. Basis of Presentation.

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

Government-wide Financial Statements:

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

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

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing 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.

D. 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.

WAYNE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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.

2021 Use Tax Construction Fund - This fund is used to account for monies from the issuance of long-term debt used for the payment of long-term debt principal, interest and related costs of borrowing used for road construction projects.

American Rescue Fund – This fund is used to account for monies from the American Rescue Plan Act of 2021 (ARPA) that are considered restricted in nature.

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

Custodial Funds - Custodial Funds are used to report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

E. 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.

F. 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).

G. 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

WAYNE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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.

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.

H. 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

WAYNE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

month that coincides with the month of original purchase. All property taxes are recognized as receipts when collected.

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

GASB 84, *Fiduciary Activities*, was implemented during fiscal year 2021. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

(2) Fund Reclassification (Accounting Change).

Effective October 1, 2020, and in accordance with the implementation of GASB Statement No. 84, the Payroll Clearing Fund, previously reported as a Fiduciary Fund, was reclassified and reported in the General Fund. Therefore, the County has adjusted beginning fund balance/net position for the General Fund and Governmental Activities in the amount of \$42. For the Fiduciary Fund Custodial Activities, the County has treated the beginning of year net position of \$(330) as having been recognized in the period incurred. The County has adjusted beginning net position for their fiduciary activities from \$0 to \$(330).

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2021, was \$21,241,754, and the bank balance was \$21,388,211. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by *Section 27-105-5, Mississippi Code of 1972 Annotated*. Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

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

WAYNE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

(4) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2021:

Transfers In/Out:

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	\$ 955,221
Other Governmental Funds	General Fund	796,261
Other Governmental Funds	Other Governmental Funds	<u>1,179,846</u>
Total		\$ <u><u>2,931,328</u></u>

The principal purpose of interfund transfers was to provide funds for debt service payments.

(5) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2021, to January 1, 2022. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(6) Contingencies.

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

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

(7) Joint Venture.

The County participates in the following joint venture:

Wayne County is a participant with the City of Waynesboro in a joint venture authorized by *Section 39-3-8, Mississippi Code of 1972 Annotated*, to operate the Waynesboro-Wayne County Library System. The Library was created to provide free public library service to citizens of the respective county and city. The Library is governed by a ten-member board, one from each county and city district. The County and City are obligated by contract to levy not more than a four mill and three mill tax, respectively, as provided by *Sections 39-3-5(1) and 39-3-7(1), Mississippi Code of 1972 Annotated*, respectively, for the ongoing financial support of the Library. By contractual agreement, the County's contribution to the joint venture this year amounted to \$148,093. Complete financial statements for the Library can be obtained from the

WAYNE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

Waynesboro-Wayne County Library, 1103A Mississippi Drive, Waynesboro, Mississippi 39367.

(8) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Wayne County Board of Supervisors appoint one of the 27 members of the board of directors. The County contributed \$32,312 for support of the district in fiscal year 2021, a small percentage of the district's total revenue.

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Jones, Lamar, Marion, Perry and Wayne. The Wayne County Board of Supervisors appoints one of the nine members of the board of commissioners. The County contributed \$47,500 for support of the entity in fiscal year 2021.

Jones County Junior College operates in an area composed of the Counties of Clarke, Covington, Greene, Jasper, Jones, Perry, Smith and Wayne. The college is governed by a 20-member board of trustees. Each county appoints two of the college's trustees, except Jones County, which appoints six. The County contributed \$623,219 for the maintenance and support of the college in fiscal year 2021.

Mississippi Regional Housing Authority VIII operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The governing body is a 15-member board of commissioners, one appointed by the Board of Supervisors of each of the member counties and one appointed at-large. The counties generally provide no financial support to the organization.

Multi-County Community Service Agency is a human resources agency created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. Its six members are as follows: Clarke, Jasper, Kemper, Lauderdale, Newton and Wayne counties. Each member appoints three of the 18 board members. The County contributed \$10,000 for support of the agency in fiscal year 2021.

The Regional Railroad Authority of East Mississippi was created in September 2009 by Clarke, George, Greene and Wayne counties; Lauderdale County's membership was effective a month later. The Authority was created to preserve, develop and maintain rail service in the member counties. Each member county appoints five commissioners to the Board of Commissioners, while any municipality in each of these counties through which such railroad(s) run appoints one commissioner. The County contributed \$13,900 for support of the Authority in fiscal year 2021.

(9) Defined Benefit Pension Plan.

Plan Description. Wayne 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 *Section 25-11-1, Mississippi Code of 1972 Annotated* 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, 2021, 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, 2021 was 17.40% of annual covered payroll. The contribution requirements of PERS

WAYNE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2021

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, 2021, 2020 and 2019 were \$769,480, \$750,293 and \$676,383, respectively, equal to the required contributions for each year.

(10) Tax Abatements.

As of September 30, 2021, Wayne County provides tax-exempt status subject to the requirements of GASB Statement No. 77 to seven manufacturing facilities, one processing plant and four public utilities. These companies are exempt from all property taxes and personal property taxes except for levies involving the schools, the mandatory mill, and community college tax levies. These exemptions are authorized by *Section 27-31-101, 27-31-102, and 27-31-105, Mississippi Code of 1972 Annotated*. These exemptions encourage businesses to locate or expand operations in the County and create jobs. The taxes abated for fiscal year 2021 totaled \$180,741.

WAYNE COUNTY

SUPPLEMENTARY INFORMATION

WAYNE COUNTY

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WAYNE COUNTY
Schedule of Operating Costs of Solid Waste
For the Year Ended September 30, 2021

Operating Disbursements, Cash Basis:

Salaries	\$	510,025
Expendable Commodities:		
Gasoline and petroleum products		63,857
Repair parts		16,133
Clothing		468
Hauling and landfill fees		137,231
Maintenance		19,668
Contractual services		44,413
Supplies		<u>625</u>
Solid Waste Operating Costs Disbursements	\$	<u><u>792,420</u></u>

WAYNE COUNTY

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WAYNE COUNTY

OTHER INFORMATION

WAYNE COUNTY

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WAYNE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2021
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 4,341,106	4,554,708	4,554,708	
Licenses, commissions and other receipts	200,400	236,901	205,205	(31,696)
Fines and forfeitures	169,590	190,510	183,446	(7,064)
Intergovernmental receipts	687,216	1,044,126	1,401,783	357,657
Charges for services	80,000	139,886	184,686	44,800
Interest income	25,100	14,670	14,670	
Miscellaneous receipts	258,467	1,272,211	329,132	(943,079)
Total Receipts	<u>5,761,879</u>	<u>7,453,012</u>	<u>6,873,630</u>	<u>(579,382)</u>
DISBURSEMENTS				
Current:				
General government	3,549,344	3,111,495	2,974,884	136,611
Public safety	2,525,744	2,209,116	2,209,116	
Health and welfare	304,579	338,791	295,745	43,046
Culture and recreation	15,000	10,000	10,000	
Conservation of natural resources	70,500	61,519	61,519	
Economic development and assistance	57,687	48,953	48,953	
Debt service:				
Principal		8,190	8,190	
Interest		594	594	
Total Disbursements	<u>6,522,854</u>	<u>5,788,658</u>	<u>5,609,001</u>	<u>179,657</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(760,975)</u>	<u>1,664,354</u>	<u>1,264,629</u>	<u>(399,725)</u>
OTHER CASH SOURCES (USES)				
Transfers in		20,518	955,221	934,703
Transfers out		(753,215)	(796,261)	(43,046)
Total Other Cash Sources and Uses	<u>0</u>	<u>(732,697)</u>	<u>158,960</u>	<u>891,657</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(760,975)</u>	<u>931,657</u>	<u>1,423,589</u>	<u>491,932</u>
Cash Basis Fund Balances - Beginning	<u>2,046,713</u>	<u>1,704,997</u>	<u>1,704,997</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 1,285,738</u>	<u>2,636,654</u>	<u>3,128,586</u>	<u>491,932</u>

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

WAYNE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 American Rescue Fund
 For the Year Ended September 30, 2021
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental receipts	\$	1,960,155	1,960,155	
Interest income		1,234	1,234	
Total Receipts	<u>0</u>	<u>1,961,389</u>	<u>1,961,389</u>	<u>0</u>
DISBURSEMENTS				
Current:				
Public works				
Total Disbursements	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>0</u>	<u>1,961,389</u>	<u>1,961,389</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	0	1,961,389	1,961,389	0
Cash Basis Fund Balances - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Basis Fund Balances - Ending	<u>\$ 0</u>	<u>1,961,389</u>	<u>1,961,389</u>	<u>0</u>

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

WAYNE COUNTY
Schedule of Interfund Loans and Advances
For the Year Ended September 30, 2021
UNAUDITED

The following is a summary of interfund balances at September 30, 2021:

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at Sept. 30, 2021
General Fund	Other Governmental Funds	\$ <u>43,046</u>

The amounts due represent various receipts posted that are due to be repaid within one year.

B. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at Sept. 30, 2021
General Fund	Other Governmental Funds	\$ 191,459
Other Governmental Funds	General Fund	106,404
Other Governmental Funds	Other Governmental Funds	238,116
Custodial Funds	Other Governmental Funds	<u>33,417</u>
Total		\$ <u>569,396</u>

The amounts due represent various receipts posted to incorrect funds that were not repaid within one year.

WAYNE COUNTY
Schedule of Capital Assets
For the Year Ended September 30, 2021
UNAUDITED

Governmental activities:

	Balance Oct. 1, 2020	Additions	Deletions	Adjustments*	Balance Sept. 30, 2021
Land	\$ 2,038,596				2,038,596
Construction in progress	5,253,107	44,832		(2,210,795)	3,087,144
Infrastructure	134,098,825			2,210,795	136,309,620
Buildings	9,379,925				9,379,925
Improvements other than buildings	1,094,481				1,094,481
Mobile equipment	8,584,957	448,163	855,545		8,177,575
Furniture and equipment	1,895,418	102,486			1,997,904
Leased property under capital leases	3,467,832	1,093,867			4,561,699
Total capital assets	\$ 165,813,141	1,689,348	855,545	0	166,646,944

*Adjustments are for the reclassification of completed construction in progress.

WAYNE COUNTY
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2021
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2021:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2020	Issued	Principal Payments	Balance Sept. 30, 2021
Governmental Activities:							
A. General Obligation Bonds:							
General obligation industrial development bonds 2013	12/19/2013	12/2033	4.00-5.25% \$	675,000		127,309	547,691
General obligation industrial development bonds - 2020 refunding	9/10/2020	12/2033	2.48%	4,319,000		50,000	4,269,000
General obligation bond 2020-A	10/1/2020	10/2040	3.00%		1,850,000	70,000	1,780,000
General obligation bond 2020-B	10/1/2020	10/2040	3.00%		900,000	35,000	865,000
B. Special Obligation Bonds:							
Special Obligation Bond, Series 2021	9/30/2021	10/2031	2.00-3.00%		5,000,000		5,000,000
C. Capital Leases:							
County Escrow - New Phone System	2/16/2017	03/2022	6.72%	12,501		8,190	4,311
District 1 - Caterpillar 299D2 XHP skid steer	4/4/2019	04/2024	4.95%	79,135		11,231	67,904
District 2 - Caterpillar Mini excavator	5/18/2018	05/2023	4.55%	38,578		5,926	32,652
District 2 - Caterpillar 430F2 Backhoe Loader	10/11/2017	10/2022	3.19%	82,615		11,112	71,503
District 2 - 2014 Mack dump truck (refinanced)	1/23/2018	01/2021	3.39%	7,417		7,417	
District 2 - 2014 Mack dump truck (refinanced)	1/23/2018	01/2021	3.39%	7,518		7,518	
District 2 - Caterpillar 299D2 XHP skid steer	10/29/2018	09/2023	5.05%	61,402		10,790	50,612
District 3 - Motor Grader	5/1/2017	05/2022	2.31%	172,777		15,153	157,624
District 4 - 2013 Mack dump truck (refinanced)	1/23/2018	01/2021	3.39%	6,926		6,926	

WAYNE COUNTY
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2021
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2021:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2020	Issued	Principal Payments	Balance Sept. 30, 2021
Governmental Activities:							
District 4 - New Kubota tractor/boom mower	1/11/2017	01/2022	2.25%	31,293		23,385	7,908
Countywide - New 2018 Komatsu Wheel loader	1/1/2018	01/2021	2.16%	168,649		168,649	
Fire Department - 120 Kenwood portable radios	5/1/2019	05/2024	4.03%	137,785		32,432	105,353
District 1 - Caterpillar 306 Mini Excavator	7/23/2020	07/2024	3.09%	68,859		6,955	61,904
District 2 - 2014 Caterpillar 930K loader (refinanced)	12/10/2019	12/2023	3.60%	78,212		23,100	55,112
District 3 - 2021 Western Star Dump Truck	8/6/2020	08/2021	1.76%	148,871		148,871	
District 4 - John Deer Tractor with Loader	8/4/2020	08/2022	2.99%	57,098		17,861	39,237
District 5 - Caterpillar backhoe loader (refinanced)	2/13/2020	02/2023	3.49%	52,074		21,017	31,057
District 5 - John Deere 544K loader (refinanced)	5/12/2020	05/2023	2.79%	87,935		32,212	55,723
District 5 Caterpillar Motor Grader	2/13/2020	02/2025	3.24%	265,858		27,131	238,727
District 5 - 2021 Western Star Dump Truck	8/9/2020	08/2021	1.76%	148,870		148,870	
District 3 - 2021 Western Star Dump Truck (refinanced)	8/21/2021	07/2022	1.76%		132,445	2,058	130,387
District 5 - 2021 Western Star Dump Truck (refinanced)	8/21/2021	07/2022	1.76%		132,445	2,058	130,387
District 1 - Two (2) Kenworth Dump Trucks	4/22/2021	03/2022	0.88%		313,800	13,471	300,329
District 1 - 2022 Kenworth Dump Truck	5/29/2021	04/2024	1.62%		108,456	7,950	100,506
District 3 - New Komatsu Motorgrader	6/26/2021	05/2024	1.65%		251,175	11,322	239,853
District 3 - 2022 Western Star Truck	6/5/2021	05/2022	1.50%		139,522	6,695	132,827
District 4 - John Deere Tractor	4/29/2021	03/2023	1.55%		61,762	7,771	53,991
District 5 - 2022 Western Star Truck	6/5/2021	05/2022	1.50%		139,522	5,310	134,212
Countywide - Komatsu Wheel Loader	1/1/2021	01/2025	2.05%		234,981	23,234	211,747
D. Other Loans:							
Countywide Excavator - Signature Loan	6/28/2017	07/2022	3.90%	126,267		15,861	110,406
Total				\$ 6,834,640	9,264,108	1,112,785	14,985,963

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

WAYNE COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2021
UNAUDITED

Name	Position	Company	Bond
Hal R. Hayes	Supervisor District 1	RLI Insurance Company	\$100,000
Marvin Chapman	Supervisor District 2	RLI Insurance Company	\$100,000
Jerry Hutto	Supervisor District 3	RLI Insurance Company	\$100,000
Gary Malone	Supervisor District 4	RLI Insurance Company	\$100,000
Henry Cooley	Supervisor District 5	RLI Insurance Company	\$100,000
Geary Jackson	Chancery Clerk	RLI Insurance Company	\$100,000
Holley Henderson Lewis	Purchase Clerk	Western Surety Company	\$100,000
Tina Cochran	Assistant Purchase Clerk	Western Surety Company	\$50,000
Kristen Harrison	Assistant Purchase Clerk	Travelers	\$50,000
Melissa Davis	Receiving Clerk	Western Surety Company	\$75,000
Brenda B. Mills	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Christopher S. McIlwain	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Keith McLaughlin	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Jeremy S. Anderson	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
John P. Donald	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Johnny W. Lee	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Martin D. Stevison	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Janet Bishop	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Kevin Stevens	Inventory Control Clerk	RLI Insurance Company	\$75,000
Rachel Evans	Inventory Control Clerk	RLI Insurance Company	\$75,000
Alan Scott Frost	Constable	RLI Insurance Company	\$50,000
Stephen Ainsworth	Constable	RLI Insurance Company	\$50,000
Rose Bingham	Circuit Clerk	RLI Insurance Company	\$100,000
Lisa Deann Seeger	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
Evelyn Stone	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
Katherine Revette	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
Cheryl Davis	Deputy Circuit Clerk	RLI Insurance Company	\$50,000
Jody Ashley	Sheriff	Western Surety Company	\$100,000
Charles Chapman	Justice Court Judge	Western Surety Company	\$50,000
Leslie S. Walker	Justice Court Judge	RLI Insurance Company	\$50,000
Ralph Smith	Justice Court Judge	RLI Insurance Company	\$50,000
Larita Michelle McCain	Justice Court Clerk	RLI Insurance Company	\$50,000
Jimmie Ahley Pitts	Deputy Justice Court Clerk	RLI Insurance Company	\$50,000
Georgia M. Vaughn	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Wanda Worsham	Deputy Justice Court Clerk	RLI Insurance Company	\$50,000
Cyrstal Daniele Dennis	Deputy Justice Court Clerk	RLI Insurance Company	\$50,000
Amber Hope McLain	Deputy Justice Court Clerk	RLI Insurance Company	\$50,000
Debbie Richards	Tax Assessor-Collector	RLI Insurance Company	\$100,000
Katie Odom	Deputy Tax Collector	RLI Insurance Company	\$50,000
Candace R. Cooley	Deputy Tax Collector	RLI Insurance Company	\$50,000
Latonie M. McIlwain	Deputy Tax Collector	RLI Insurance Company	\$50,000
Priscilla A. Pittman	Deputy Tax Collector	RLI Insurance Company	\$50,000
Melinda P. Taylor	Deputy Tax Collector	RLI Insurance Company	\$50,000
Christina Lewis Evans	Deputy Tax Collector	RLI Insurance Company	\$50,000
Rose M. Trisler	Deputy Tax Assessor	RLI Insurance Company	\$10,000

WAYNE COUNTY

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WAYNE COUNTY

Notes to the Other Information For the Year Ended September 30, 2021

(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 the 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, 2021, the amount of outstanding debt was equal to 5.48% of the latest property assessments.

B. Subsequent Events:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
01/2022	1.54%	62,284	Finance Purchase	Ad Valorem Taxes
03/2022	1.65%	159,500	Finance Purchase	Ad Valorem Taxes
04/2022	2.41%	210,000	Finance Purchase	Ad Valorem Taxes
04/2022	1.98%	127,924	Finance Purchase	Ad Valorem Taxes
04/2022	1.98%	127,924	Finance Purchase	Ad Valorem Taxes
05/2022	2.41%	211,396	Finance Purchase	Ad Valorem Taxes
07/2022	3.29%	166,001	Finance Purchase	Ad Valorem Taxes
07/2022	3.18%	121,415	Finance Purchase	Ad Valorem Taxes
07/2022	3.18%	121,415	Finance Purchase	Ad Valorem Taxes
07/2022	3.38%	250,000	Finance Purchase	Ad Valorem Taxes
08/2022	3.18%	210,000	Finance Purchase	Ad Valorem Taxes
08/2022	3.37%	210,000	Finance Purchase	Ad Valorem Taxes
09/2022	2.825%	1,074,470	Finance Purchase	Ad Valorem Taxes
12/2022	4.65%	132,762	Finance Purchase	Ad Valorem Taxes

WAYNE COUNTY

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WAYNE COUNTY

SPECIAL REPORTS

WAYNE 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
Wayne 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 Wayne County, Mississippi (the County), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 27, 2023. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Responses we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as 2021-002 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as 2021-001 to be a significant

deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wayne 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2021-002.

We noted certain matters that we reported to the management of Wayne County, Mississippi, in the Independent Accountant's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules dated February 27, 2023, included within this document.

Wayne County's Responses to Findings

Wayne County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Wayne 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

February 27, 2023



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, MISSISSIPPI CODE OF 1972 ANNOTATED)

Members of the Board of Supervisors
Wayne County, Mississippi

We have examined Wayne County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with *Sections 31-7-101 through 31-7-127, Mississippi Code of 1972 Annotated* and compliance with the purchasing requirements in accordance with the bid requirements of *Section 31-7-13, Mississippi Code of 1972 Annotated* during the year ended September 30, 2021. The Board of Supervisors of Wayne 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 Wayne 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 a certain instance of noncompliance with the aforementioned code sections. This instance of noncompliance was considered in forming our opinion on compliance. Our finding and recommendation and your response are disclosed below:

Inventory Control Clerk.

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

Repeat Finding Yes

Criteria *Section 31-7-107, Mississippi Code of 1972 Annotated*, requires the Inventory Control Clerk to maintain an inventory control system. An effective system of internal control over capital assets requires that certain data elements be captured in capital asset records for all capital assets. Required data elements include description of assets, cost, locations, acquisition dates, disposition dates, methods of disposition, and other relevant information.

The presence of these data elements in capital assets records helps identify and distinguish county assets from one another, thereby safeguarding county assets from loss or misappropriation.

Condition	As reported in the prior year's audit report, we noted control procedures were inadequate for maintaining adequate subsidiary records documenting the County's capital assets.
Cause	The Inventory Control Clerk lacked the necessary control procedures to accurately maintain an inventory control system and adequate subsidiary records.
Effect	The failure to maintain an accurate inventory control system could result in the reporting of inaccurate amounts and increases in the possibility of the loss or misappropriation of public funds.
Recommendation	The Inventory Control Clerk should implement procedures to maintain accurate inventory records documenting the existence, completeness, and valuation of capital assets.
Views of Responsible Official(s)	The County will take the necessary steps to correct and maintain adequate controls over capital assets.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Wayne County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2021.

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

Wayne 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 Wayne 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

February 27, 2023

WAYNE COUNTY
Schedule of Purchases From Other Than the Lowest Bidder
For the Year Ended September 30, 2021

Schedule 1

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

WAYNE COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2021

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
1/14/2021	Labor & equipment	\$ 7,457	Continental Rails	To put down crushed stone and rip-rap due to severe emergency washout (erosion).
1/4/2021	Materials	10,673	Clarkco Oilfield Services	To fix severe erosion from cross drain pipe washout.
9/3/2021	Speed Queen dryer	6,900	Hub Refrigeraton	The jail dryer broke.

WAYNE COUNTY

Schedule 3Schedule of Purchases Made Noncompetively From a Sole Source
For the Year Ended September 30, 2021

<u>Date</u>	<u>Item Purchased</u>		<u>Amount Paid</u>	<u>Vendor</u>
9/7/2021	New election equipment software	\$	206,403	Election Systems & Software, LLC

WAYNE 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
Wayne County, Mississippi

In planning and performing our audit of the cash basis financial statements of Wayne County, Mississippi (the County) for the year ended September 30, 2021, we considered Wayne 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 Wayne 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 February 27, 2023, on the financial statements of Wayne County, Mississippi.

Although no findings came to our attention as a result of these review procedures and compliance tests, these procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of the internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with *Section 7-7-211, Mississippi Code of 1972 Annotated*, the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

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

A handwritten signature in black ink, reading "Joe E. Mcknight".

JOE E. MCKNIGHT, CPA
Director, County Audit Section

February 27, 2023

WAYNE COUNTY

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WAYNE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

WAYNE COUNTY

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WAYNE COUNTY

Schedule of Findings and Responses For the Year Ended September 30, 2021

Section 1: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued on the financial statements:

Governmental activities	Unmodified
Aggregate discretely presented component units	Adverse
General Fund	Unmodified
2021 Use Tax Construction Fund	Unmodified
American Rescue Fund	Unmodified
Aggregate remaining fund information	Unmodified
2. Internal control over financial reporting:
 - a. Material weakness identified? Yes
 - b. Significant deficiency identified? Yes
3. Noncompliance material to the financial statements noted? Yes

Section 2: Financial Statement Findings

Board of Supervisors.

Significant Deficiency

2021-001.	<u>The County did not complete the federal grant activity schedule.</u>
Repeat Finding	Yes
Criteria	An effective system of internal control over federal grants includes properly identifying all federal programs and related disbursements.
Condition	As reported in the prior year's audit report, the County did not complete the federal grant activity schedule for the fiscal year ended September 30, 2021.
Cause	The County lacked the necessary controls to complete the federal grant activity schedule for the fiscal year ended September 30, 2021.
Effect	The failure to properly complete the federal grant activity schedule increases the possibility of not reporting all federal disbursements and could affect the requirement to have a Single Audit.
Recommendation	The Board of Supervisors should implement controls to ensure the federal grant activity schedule is prepared each year.
Views of Responsible Official(s)	The County will put a grant activity schedule into place starting the new fiscal year.

WAYNE COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2021

Material Weakness
Material Noncompliance

2021-002.	<u>Controls over repayment of interfund advances should be strengthened.</u>
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 year's audit report, the County has interfund loans outstanding that are over one year old. The loans were not repaid as of September 30, 2021.
Cause	The County lacked the necessary controls to ensure that interfund loans were repaid within one year.
Effect	Failure of the Board of Supervisors to ensure repayment of these loans is an illegal diversion of legally restricted funds.
Recommendation	For any interfund loan made, the Board of Supervisors should approve and record in the board minutes the reason for the loan, when the loan will be repaid and the source of the funds for repayment. The Board of Supervisors should ensure these old loans are repaid by approving and recording in the minutes a repayment schedule and complying with the repayment schedule.
Views of Responsible Official(s)	Plan of action was adopted on November 1, 2021. Paybacks of advances will continue for four (4) more years.