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**WALTHALL COUNTY, MISSISSIPPI**

**Audited Financial Statements  
And  
Special Reports**

**For the Year Ended September 30, 2015**

WALTHALL COUNTY

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WALTHALL COUNTY

FINANCIAL SECTION

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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2708 Old Brandon Road  
Pearl, MS 39208  
(601)939-8676

Members:  
American Institute of CPAs  
Mississippi Society of CPAs

### INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Walthall County, Mississippi

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of Walthall County, Mississippi, as of and for the year ended September 30, 2015, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. These financial statements are the responsibility of the county's management.

#### **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 previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of Walthall County, Mississippi, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules, the County's Proportionate Share of the Net Pension Liability, the County's Contribution, and corresponding notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Omission of Required Supplementary Information*

Walthall County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

The Schedule of Surety Bonds for County Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2016, on our consideration of Walthall County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Walthall County, Mississippi's internal control over financial reporting and compliance.



Windham and Lacey, PLLC  
May 6, 2016

**WALTHALL COUNTY**

**FINANCIAL STATEMENTS**

WALTHALL COUNTY  
Statement of Net Position  
September 30, 2015

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash	\$ 9,043,754	248,539	9,292,293
Property tax receivable	4,946,740		4,946,740
Accounts receivable (net of allowance for uncollectibles of \$874,181)		45,960	45,960
Fines receivable (net of allowance for uncollectibles of \$3,497,422)	573,170		573,170
Loans receivable	1,698,411		1,698,411
Intergovernmental receivables	185,391		185,391
Other receivables	12,586	66	12,652
Internal balances	8,571	(8,571)	
Capital assets:			
Land and construction in progress	249,331	77,412	326,743
Other capital assets, net	11,038,188	405,016	11,443,204
<b>Total Assets</b>	<u>27,756,142</u>	<u>768,422</u>	<u>28,524,564</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	898,487	92,783	991,270
<b>Total Deferred Outflows of Resources</b>	<u>898,487</u>	<u>92,783</u>	<u>991,270</u>
<b>LIABILITIES</b>			
Claims payable	380,198	18,097	398,295
Intergovernmental payables	234,186		234,186
Accrued interest payable	3,982	804	4,786
Unearned revenue		36,347	36,347
Other payables	68,951		68,951
Long-term liabilities			
Due within one year:			
Capital debt	331,483	24,200	355,683
Due in more than one year:			
Capital debt	3,199,033	72,600	3,271,633
Non-capital debt	70,988	4,334	75,322
Net pension liability	5,111,130	527,804	5,638,934
<b>Total Liabilities</b>	<u>9,399,951</u>	<u>684,186</u>	<u>10,084,137</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property tax for future reporting period	4,946,740		4,946,740
<b>Total Deferred Inflows of Resources</b>	<u>4,946,740</u>	<u>0</u>	<u>4,946,740</u>

(Continued)

WALTHALL COUNTY  
Statement of Net Position  
September 30, 2015

Exhibit 1 (Continued)

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>NET POSITION</b>			
Net investment in capital assets	7,757,003	385,628	8,142,631
Restricted:			
Expendable:			
General government	35,442		35,442
Public safety	395,568		395,568
Public works	1,605,295	(208,609))	1,396,686
Health and welfare	104,781		104,781
Culture and recreation	63,550		63,550
Economic development	17,421		17,421
Debt service	465,217		465,217
Unemployment compensation	14,146		14,146
Unrestricted	3,849,515		3,849,515
Total Net Position	<u>\$ 14,307,938</u>	<u>177,019</u>	<u>14,509,973</u>

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

WALTHAM COUNTY  
Statement of Activities  
For the Year Ended September 30, 2015

Exhibit 2

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Business-type Activities	Total
				Capital Grants and Contributions	Governmental Activities		
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General government	\$ 2,190,323	276,521	174,769		(1,739,033)		(1,739,033)
Public safety	1,578,927	174,973	126,623	5,000	(1,272,331)		(1,272,331)
Public works	1,971,665		666,438	472,684	(832,543)		(832,543)
Health and welfare	244,229		29,175		(215,054)		(215,054)
Culture and recreation	23,127	3,904			(19,223)		(19,223)
Conservation of natural resources	60,294				(60,294)		(60,294)
Economic development and assistance	154,822		51,855	64,949	(38,018)		(38,018)
Interest on long-term debt	125,229				(125,229)		(125,229)
Pension expense	609,158				(609,158)		(609,158)
Total Governmental Activities	6,957,774	455,398	1,048,860	542,633	(4,910,883)	0	(4,910,883)
<b>Business-type Activities:</b>							
Solid waste	711,567	711,863	27,814			28,110	28,110
Total Business-type Activities	711,567	711,863	27,814	0		28,110	28,110
<b>Total Primary Government</b>	<b>\$ 7,669,341</b>	<b>1,167,261</b>	<b>1,076,674</b>	<b>542,633</b>	<b>(4,910,883)</b>	<b>28,110</b>	<b>(4,882,773)</b>
General revenues:							
Property taxes					\$ 5,093,894		5,093,894
Road & bridge privilege taxes					185,740		185,740
Grants and contributions not restricted to specific programs					300,525		300,525
Unrestricted interest income					78,651	988	79,639
Miscellaneous					1,061,195	20,194	1,081,389
Total General Revenues					6,720,005	21,182	6,741,187
Changes in Net Position					1,809,122	49,292	1,858,414
Net Position - Beginning, as Previously Reported					17,099,622	470,727	17,570,349
Prior period adjustment					(4,600,806)	(343,000)	(4,943,806)
Net Position - Beginning, as Restated					12,498,816	127,727	12,626,543
Net Position - Ending					\$ 14,307,938	177,019	14,484,957

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

WALTHALL COUNTY  
 Balance Sheet - Governmental Funds  
 September 30, 2015

Exhibit 3

	<u>Major Fund</u>		
	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 6,195,763	2,847,991	9,043,754
Property tax receivable	3,701,990	1,244,750	4,946,740
Fines receivable (net of allowance for uncollectibles of \$3,497,422)	573,170		573,170
Loans receivable - current	89,026		89,026
Intergovernmental receivables	97,526	87,865	185,391
Other receivables	7,006	5,580	12,586
Due from other funds	8,571	33,525	42,096
Loans receivable - long-term	<u>1,609,385</u>		<u>1,609,385</u>
<b>Total Assets</b>	<b><u>\$ 12,282,437</u></b>	<b><u>4,219,711</u></b>	<b><u>16,502,148</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Claims payable	\$ 109,304	270,894	380,198
Intergovernmental payables	225,945		225,945
Due to other funds	41,766		41,766
Other payables	68,951		68,951
<b>Total Liabilities</b>	<u>445,966</u>	<u>270,894</u>	<u>716,860</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue - property taxes	3,701,990	1,244,750	4,946,740
Unavailable revenue - fines	573,170		573,170
<b>Total Deferred Inflows of Resources</b>	<u>4,275,160</u>	<u>1,244,750</u>	<u>5,519,910</u>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Loans receivable	1,609,385		1,609,385
<b>Restricted for:</b>			
General government		35,442	35,442
Public safety		395,568	395,568
Public works		1,605,295	1,605,295
Health and welfare		104,781	104,781
Culture and recreation		63,550	63,550
Economic development and assistance		17,421	17,421
Debt service		469,199	469,199
Unemployment compensation		14,146	14,146
<b>Assigned to:</b>			
Culture and recreation	1,639		1,639
Economic development and assistance	1,456,081		1,456,081
Unassigned	<u>4,494,206</u>	<u>(1,335)</u>	<u>4,492,871</u>
<b>Total Fund Balances</b>	<u>7,561,311</u>	<u>2,704,067</u>	<u>10,265,378</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 12,282,437</u></b>	<b><u>4,219,711</u></b>	<b><u>16,502,148</u></b>

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

WALTHALL COUNTY

Exhibit 3-1

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
September 30, 2015

	<u>Amount</u>
Total fund balance of Governmental Funds	\$ 10,265,378
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$14,238,801.	11,287,519
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.	573,170
Deferred outflows of resources related to pension reported in governmental activities is not a financial resource and, therefore, is not reported in the funds.	898,487
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(3,601,504)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(3,982)
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(5,111,130)</u>
Net position of governmental activities	<u>\$ 14,307,938</u>

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

## WALTHALL COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2015

	Major Fund		Total Governmental Funds
	General Fund	Other Governmental Funds	
<b>REVENUES</b>			
Property taxes	\$ 3,900,129	1,193,765	5,093,894
Road and bridge privilege taxes		185,740	185,740
Licenses, commissions and other revenue	163,551	3,904	167,455
Fines and forfeitures	160,061		160,061
Intergovernmental revenues	507,216	1,384,802	1,892,018
Charges for services	14,888	139,891	154,779
Interest income	69,594	9,057	78,651
Miscellaneous revenues	313,371	120,634	434,005
Total Revenues	<u>5,128,810</u>	<u>3,037,793</u>	<u>8,166,603</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,285,065	4,101	2,289,166
Public safety	1,173,918	331,792	1,505,710
Public works	30,256	2,381,270	2,411,526
Health and welfare	151,552		151,552
Culture and recreation	3,752	521	4,273
Conservation of natural resources	64,099		64,099
Economic development and assistance	77,313	120,223	197,536
Debt service:			
Principal	120,000	606,462	726,462
Interest	113,800	16,415	130,215
Total Expenditures	<u>4,019,755</u>	<u>3,460,784</u>	<u>7,480,539</u>
Excess of Revenues over (under) Expenditures	<u>1,109,055</u>	<u>(422,991)</u>	<u>686,064</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	901,614	52,910	954,524
Proceeds from long-term debt		569,000	569,000
Transfers in	30	859,920	859,950
Transfers out	(359,920)	(500,030)	(859,950)
Total Other Financing Sources and Uses	<u>541,724</u>	<u>981,800</u>	<u>1,523,524</u>
Net Changes in Fund Balances	1,650,779	558,809	2,209,588
Fund Balances - Beginning	<u>5,910,532</u>	<u>2,145,258</u>	<u>8,055,790</u>
Fund Balances - Ending	<u>\$ 7,561,311</u>	<u>2,704,067</u>	<u>10,265,378</u>

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

WALTHALL COUNTY

Exhibit 4-1

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures  
and Changes in Fund Balances to the Statement of Activities  
For the Year Ended September 30, 2015

		<u>Amount</u>
Net change in fund balances - total Governmental Funds	\$	2,209,588

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 641,219	
Depreciation expense	<u>(527,450)</u>	113,769

In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. In the current period, these amounts are:

Net gain on sale of capital assets	627,190	
Proceeds from sale of capital assets	<u>(954,524)</u>	(327,334)

The issuance of long-term debt provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and the difference between the carrying value of refunded debt and the acquisition costs of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.

Long-term debt issued	(569,000)	
Payments on debt principal	726,462	
Amortization of premiums on certificates of participation	<u>7,174</u>	164,636

Some items reported in the Statement of Activities related to the implementation of GASB 68 are not reported as revenues/expenditures in the Governmental Funds. These activities include:

Recording pension expense for the current year	(609,158)	
Recording retirement contributions made during the fiscal year:		
Before the measurement date.	209,398	
Subsequent to the measurement date	<u>80,467</u>	(319,293)

Some items reported in the Statement of Activities do not provide or require the use of current financial resources and, therefore, are not reported as revenues/expenditures in Governmental Funds. These activities include:

Change in compensated absences	(3,159)	
Change in deferred revenues - fines	(26,897)	
Change in accrued interest payable	<u>(2,188)</u>	(32,244)

Change in net position of governmental activities	\$	<u>1,809,122</u>
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The notes to the financial statements are an integral part of this statement.

WALTHALL COUNTY  
Statement of Net Position - Proprietary Fund  
September 30, 2015

Exhibit 5

	Business-type Activities
	Governmental Enterprise Fund
	Solid Waste Fund
<b>ASSETS</b>	
Current Assets:	
Cash	\$ 248,539
Accounts receivable (net of allowance for uncollectibles of \$874,181)	45,960
Other receivables	66
Total Current Assets	<u>294,565</u>
Noncurrent Assets:	
Capital assets:	
Land and construction in progress	77,412
Other capital assets, net	405,016
Total Noncurrent Assets	<u>482,428</u>
Total Assets	<u>776,993</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	92,783
Total Deferred Outflows of Resources	<u>92,783</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Claims payable	18,097
Due to other funds	8,571
Accrued interest payable	804
Unearned revenue	36,347
Capital debt:	
Other long-term liabilities	24,200
Total Current Liabilities	<u>88,019</u>
Noncurrent Liabilities:	
Capital debt:	
Other long-term liabilities	72,600
Non-capital debt:	
Compensated absences payable	4,334
Net pension liability	527,804
Total Noncurrent Liabilities	<u>604,738</u>
Total Liabilities	<u>692,757</u>
<b>NET POSITION</b>	
Net investment in capital assets	385,628
Restricted:	
Expendable:	
Public works	<u>(208,609)</u>
Total Net Position	<u>\$ 177,019</u>

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

WALTHALL COUNTY

Exhibit 6

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund  
For the Year Ended September 30, 2015

	Business-type Activities
	Governmental Enterprise Fund
	Solid Waste Fund
	<u>          </u>
<b>OPERATING REVENUES</b>	
Charges for service	\$ 711,843
Miscellaneous	20
<b>Total Operating Revenues</b>	<u>711,863</u>
 <b>OPERATING EXPENSES</b>	
Personal services	426,339
Contractual services	159,357
Materials and supplies	62,873
Depreciation expense	50,082
Indirect administrative cost	8,571
<b>Total Operating Expenses</b>	<u>707,222</u>
 Operating Income (Loss)	<u>4,641</u>
 <b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	988
Intergovernmental grants	27,814
Gain (loss) on sale of capital assets	20,194
Interest expense	(4,345)
<b>Net Nonoperating Revenue (Expenses)</b>	<u>44,651</u>
 Net Income	<u>49,292</u>
 <b>CHANGES IN NET POSITION</b>	<u>49,292</u>
 Net Position - Beginning	470,727
Prior year adjustments	(343,000)
Net Position - Beginning, as Restated	<u>127,727</u>
 Net Position - Ending	<u>\$ 177,019</u>

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

WALTHALL COUNTY  
Statement of Cash Flows - Proprietary Fund  
For the Year Ended September 30, 2015

Exhibit 7

	Business-type Activities
	<u>Governmental Enterprise Fund</u>
	<u>Solid Waste Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 714,367
Payments to suppliers	(227,119)
Payments to employees	(393,350)
Other operating cash receipts	20
Net Cash Provided (Used) by Operating Activities	<u>93,918</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Intergovernmental grants received	27,814
Cash paid to other funds:	
Interfund loans repaid	(10,181)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>17,633</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds of long-term debt	121,000
Proceeds from sale of capital assets	43,600
Acquisition of capital assets	(243,250)
Principal paid on long-term debt	(78,075)
Interest paid on debt	(4,006)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(160,731)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest in deposits	922
Net Cash Provided (Used) by Investing Activities	<u>922</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(48,258)
Cash and Cash Equivalents at Beginning of Year	<u>296,797</u>
Cash and Cash Equivalents at End of Year	<u>\$ 248,539</u>

(Continued)

WALTHALL COUNTY  
Statement of Cash Flows - Proprietary Fund  
For the Year Ended September 30, 2015

Exhibit 7 (Continued)

	Business-type Activities
	Governmental Enterprise Fund
	Solid Waste Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 4,641
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	50,082
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(352)
(Increase) decrease in deferred outflows of resources	(84,552)
Increase (decrease) in pension liability	117,524
Increase (decrease) in claims payable	(4,895)
Increase (decrease) in interfund payables	8,571
Increase (decrease) in compensated absences liability	23
Increase (decrease) in unearned revenue	2,876
Total Adjustments	89,277
Net Cash Provided (Used) by Operating Activities	\$ 93,918

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

WALTHALL COUNTY  
Statement of Fiduciary Assets and Liabilities  
September 30, 2015

Exhibit 8

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 94,234
Other receivables	8
Due from other funds	<u>8,241</u>
<b>Total Assets</b>	<b>\$ <u>102,483</u></b>
<b>LIABILITIES</b>	
Amounts held in custody for others	\$ 65,804
Intergovernmental payables	<u>36,679</u>
<b>Total Liabilities</b>	<b>\$ <u>102,483</u></b>

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

## WALTHALL COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2015

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Walthall County, Mississippi, (the County) is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Walthall County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

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

GASB has set forth criteria to be considered in determining financial accountability. These criteria include the following considerations: 1) appointment of a voting majority of an organization's governing authority and the ability of the primary government to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or 2) an organization is fiscally dependent on the primary government and there is potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board.

Management has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete.

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:

- Walthall County Airport Board
- Walthall County Economic Development Authority

B. Basis of Presentation.

The accompanying financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles.

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

## WALTHALL COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2015

#### Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business-type activity is self-financing or draws from the general revenues 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, liabilities, fund equity, revenues and expenditures. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

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

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with Proprietary Funds' primary operations. All other revenues and expenses are reported as nonoperating.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year-end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

## WALTHALL COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2015

The County reports the following major Governmental Fund:

General Fund - This fund is used to account for all activities of the general government for which a separate fund has not been established.

The County reports the following major Proprietary Fund:

Solid Waste Fund - This fund is used to account for the County's activities of disposal of solid waste within the County.

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

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

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

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

#### PROPRIETARY FUND TYPE

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

#### FIDUCIARY FUND TYPE

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

#### D. Deposits and Investments.

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

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the County did not invest in any governmental securities during the fiscal year.

#### E. Receivables.

Receivables represent amounts due to the County for revenue earned that will be collected sometime in the future. Receivables are reported net of allowances for uncollectible accounts, where applicable.

WALTHALL COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2015

F. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

G. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the (applicable) governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. The extent to which capital assets, other than infrastructure, costs has been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Walthall County meets these criteria and has so elected. Therefore, major general infrastructure assets acquired prior to October 1, 2002, are not reported in the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2002.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because noncapitalization of interest does not have a material effect on the County's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and Proprietary Funds. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

\* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

## WALTHALL COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2015

#### H. Deferred Outflows/Inflows of Resources.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

#### I. Pensions.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Mississippi (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### J. Long-term Liabilities.

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

In the government-wide financial statements and in the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund statement of net position. Bond premiums are deferred and amortized over the life of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable bond premiums.

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

#### K. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide and proprietary fund financial statements. In fund financial statements governmental funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

County policy authorizes payment for a maximum of 30 days accrued personal leave in a lump sum upon termination of employment.

WALTHALL COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2015

L. Equity Classifications.

The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources is reported as Net Position on the government-wide and proprietary funds financial statements and as Fund Balance on the governmental funds financial statements.

Government-wide Financial Statements:

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

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

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

Unrestricted net position - All other net position not meeting the definition of "restricted" or "net investment in capital assets."

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenses are incurred for purposes for which unrestricted (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 assigned resources first and then unassigned amounts.

Fund Financial Statements:

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

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

*Nonspendable fund balance* includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund.

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

*Assigned fund balance* includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Board of Supervisors pursuant to authorization established by Section 19-3-59, Miss. Code Ann. (1972).

## WALTHALL COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2015

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

#### Fund Balance Flow Assumption:

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

#### M. Property Tax Revenues.

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

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

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

#### N. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

#### O. Compensated Absences.

The County has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide and proprietary fund financial statements. In fund financial statements governmental funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

WALTHALL COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2015

(2) Change in Accounting Standard.

The County implemented the following standards issued by GASB in the current fiscal year as required:

- GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.*
- GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.*

(3) Prior Period Adjustment.

A summary of the significant fund equity adjustments are as follows:

Exhibit 2 - Statement of Activities:

Explanation	Amount
<u>Governmental Activities:</u>	
To correct prior year error in fines receivable, net	\$ (707,456)
Implementation of GASB 68 and 71:	
Net pension liability (09/30/2014)	\$ (3,973,056)
Deferred outflows - contributions made during fiscal year 2014	79,706
Total prior period adjustment related to GASB 68 and 71	(3,893,350)
Total prior period governmental activities adjustments	\$ (4,600,806)
<u>Business-type Activities:</u>	
To correct prior year error in capital assets, net	\$ 59,049
Implementation of GASB 68 and 71:	
Net pension liability (09/30/2014)	\$ (410,280)
Deferred outflows - contributions made during fiscal year 2014	8,231
Total prior period adjustment related to GASB 68 and 71	(402,049)
Total prior period governmental activities adjustments	\$ (343,000)

Exhibit 6 - Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds:

Explanation	Amount
To correct prior year error in capital assets, net	\$ 59,049
Implementation of GASB 68 and 71:	
Net pension liability (09/30/2014)	\$ (410,280)
Deferred outflows - contributions made during fiscal year 2014	8,231
Total prior period adjustment related to GASB 68 and 71	(402,049)
Total prior period adjustments	\$ (343,000)

**WALTHALL COUNTY**

Notes to Financial Statements  
For the Year Ended September 30, 2015

(4) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2015, was \$9,386,527, and the bank balance was \$9,537,861. 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 Depository 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. However, the Mississippi State Treasurer manages that risk on behalf of the County. 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.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2015, consisted of the following:

Description	Amount
Legislative tax credit	\$ 84,001
Mississippi Emergency Management Agency - EMPG grant	8,944
Mississippi Emergency Management Agency - Disaster grant	28,908
Mississippi Department of Transportation - Airport improvement grant	1,342
Mississippi Department of Public Safety - JAG grant	10,341
HOME grant	51,855
 Total	 \$ 185,391

(6) Loans Receivables.

On December 15, 2008, Walthall County entered into a loan agreement in accordance with Section 19-7-3, *Mississippi Code of 1972, Annotated*, and the other applicable statutory and case law of Mississippi, with 108 Tylertown Bldg., LLC, for the purchase of an industrial site owned by the County.

On August 8, 2014, Walthall County entered into a loan agreement in accordance with Section 19-7-3, *Mississippi Code of 1972, Annotated*, and the other applicable statutory and case law of Mississippi, with 85 Tylertown Bldg., LLC, for the purchase of an industrial site owned by the County.

Loans receivables balances at September 30, 2015, are as follows:

Description	Date of Inception	Interest Rate	Maturity Date	Receivable Balance
108 Tylertown Bldg., LLC (Kalencom)	12/15/2008	3.00%	12/31/2028	\$ 944,966
85 Tylertown Bldg., LLC (Kalencom)	08/01/2014	3.00%	08/01/2034	753,445
 Total				 \$ 1,698,411

WALTHALL COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2015

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2015:

	Balance Oct. 1, 2014	Additions	Deletions	Adjustments	Balance Sept. 30, 2015
<b>Governmental Activities</b>					
Non-depreciable capital assets:					
Land	\$ 180,964				180,964
Construction in progress		68,367			68,367
Total non-depreciable capital assets	<u>180,964</u>	<u>68,367</u>	<u>0</u>	<u>0</u>	<u>249,331</u>
Depreciable capital assets:					
Infrastructure	4,541,409	326,000			4,867,409
Buildings	10,216,839		391,200		9,825,639
Improvements other than buildings	409,621		31,817		377,804
Mobile equipment	5,480,999	246,852	206,490	170,001	5,691,362
Furniture and equipment	4,581,551		66,776		4,514,775
Leased property under capital leases	170,001			(170,001)	
Total depreciable capital assets	<u>25,400,420</u>	<u>572,852</u>	<u>696,283</u>	<u>0</u>	<u>25,276,989</u>
Less accumulated depreciation for:					
Infrastructure	665,404	104,482			769,886
Buildings	4,656,606	160,029	101,712		4,714,923
Improvements other than buildings	101,681	10,241	15,288		96,634
Mobile equipment	4,331,575	160,566	185,841	91,800	4,398,100
Furniture and equipment	4,233,234	92,132	66,108		4,259,258
Leased property under capital leases	91,800			(91,800)	
Total accumulated depreciation	<u>14,080,300</u>	<u>527,450</u>	<u>368,949</u>	<u>0</u>	<u>14,238,801</u>
Total depreciable capital assets, net	<u>11,320,120</u>	<u>45,402</u>	<u>327,334</u>	<u>0</u>	<u>11,038,188</u>
Governmental activities capital assets, net	<u>\$ 11,501,084</u>	<u>113,769</u>	<u>327,334</u>	<u>0</u>	<u>11,287,519</u>

WALTHALL COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2015

Business-type Activities

	Balance Oct. 1, 2014	Additions	Deletions	Adjustments	Balance Sept. 30, 2015
<b>Non-depreciable capital assets:</b>					
Land	\$ 77,412				77,412
Total non-depreciable capital assets	77,412	0	0	0	77,412
<b>Depreciable capital assets:</b>					
Buildings				60,255	60,255
Mobile equipment	455,872	243,250	155,959		543,163
Total depreciable capital assets	455,872	243,250	155,959	60,255	603,418
<b>Less accumulated depreciation for:</b>					
Buildings		1,206		1,206	2,412
Mobile equipment	279,667	48,876	132,553		195,990
Total accumulated depreciation	279,667	50,082	132,553	1,206	198,402
 Total depreciable capital assets, net	 176,205	 193,168	 23,406	 59,049	 405,016
 Business-type activities capital assets, net	 \$ 253,617	 193,168	 23,406	 59,049	 482,428

Adjustments to capital assets were to add the cost and related accumulated depreciation of a building that was constructed in the prior year.

Depreciation expense was charged to the following functions:

	<u>Amount</u>
<b>Governmental Activities:</b>	
General government	\$ 24,416
Public safety	189,650
Public works	172,331
Health and welfare	92,677
Culture and recreation	18,854
Economic development and assistance	29,522
 Total Governmental Activities depreciation expense	 \$ 527,450
<b>Business-type Activities:</b>	
Solid waste	\$ 50,082

Commitments with respect to unfinished capital projects at September 30, 2015, consisted of the following:

<u>Description of Project</u>	<u>Remaining Financial Commitment</u>	<u>Expected Funding Source</u>	<u>Expected Date of Completion</u>
Airport improvements	\$ 239,090	Federal funds, State funds and General funds	03/2016

## WALTHALL COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2015

(8) Deferred Outflows of Resources.

The County reports the following item in this category:

Government-wide Statement of Net Position/Proprietary Fund Statement of Net Position:

- Deferred outflows related to pensions. This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. Refer to Note 9 for additional details.

(9) Defined Benefit Pension Plan.

General Information about the Pension Plan.

**Plan Description** - Walthall County is a member of the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan as defined in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Membership in PERS is a condition of employment and is granted upon hiring for qualifying employees and officials of the County. Code Section 25-11-15, Miss. Code Ann. (1972), grants the authority for general administration and proper operation of PERS to the PERS Board of Trustees (PERS Board). PERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at [www.pers.ms.gov](http://www.pers.ms.gov).

**Benefits Provided** - Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who become members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.50% for each additional year of credited service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. Benefit provisions are established by Section 25-11-1 et seq., Miss. Code Ann. (1972), and may be amended only by the State Legislature.

A Cost of Living Adjustment (COLA) is made to eligible retirees and beneficiaries. The COLA is equal to 3 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3 percent compounded for each fiscal year thereafter.

**Contributions** - Per Chapter 11 of Title 25, Miss. Code Ann. (1972), contribution requirements of plan members and their employers are established and may be amended only by the PERS Board. The adequacy of these rates is assessed annually by actuarial valuation. For the year ended September 30, 2015, member employees were required to contribute 9.00 percent of their annual pay, while the County's required contribution rate was 15.75 percent of annual covered payroll. The County's employer contributions to PERS for the years ended September 30, 2015, 2014, and 2013 were \$359,780, \$353,171, and \$310,338, respectively. The contributions for each year met the required contributions.

WALTHALL COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2015

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.**

At September 30, 2015, Walthall County reported a liability of \$5,638,934 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the County's proportion was .036479 percent, which was a decrease of 0.000367 from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, Walthall County recognized pension expense of \$672,063.

At September 30, 2015, Walthall County reported as a component of pension expense, deferred outflows of resources and deferred inflows of resources from the following sources:

		<u>Deferred Outflows of Resources</u>
Difference between expected and actual experience	\$	86,780
Net difference between projected and actual earnings on pension plan investments		329,938
Change in assumption		485,775
County contributions subsequent to the measurement date		<u>88,776</u>
 Total	 \$	 <u><u>991,269</u></u>

\$88,776 reported as deferred outflows of resources related to pensions resulting from entity contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30:

2016	\$	292,983
2017		292,983
2018		234,043
2019		<u>82,484</u>
 Total	 \$	 <u><u>902,493</u></u>

WALTHALL COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2015

**Actuarial assumptions.** The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.75 – 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, set forward one year for males.

The actuarial assumption used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the pension July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Broad	34.00	% 5.20 %
International Equity	19.00	5.00
Emerging Markets Equity	8.00	5.45
Fixed Income	20.00	0.25
Real Assets	10.00	4.00
Private Equity	8.00	6.15
Cash	1.00	(0.50)
Total	100.00	%

**Discount Rate.** The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current employer contribution rate (15.75%). Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**WALTHALL COUNTY**

Notes to Financial Statements  
For the Year Ended September 30, 2015

Sensitivity of the entity's proportionate share of the net pension liability to changes in the discount rate. The following table presents Walthall County's proportionate share of the net pension liability of the cost-sharing plan, calculated using the discount rate of 7.75% , as well as what the entity's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability	\$ 7,432,632	\$ 5,638,934	\$ 4,150,500

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS Comprehensive Annual Financial Report, publicly available at [www.pers.ms.gov](http://www.pers.ms.gov).

(10) **Risk Financing.**

**Workers' Compensation Benefits.**

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, 2014, to January 1, 2015. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

**Health and Accident Benefits.**

The county is exposed to risk of loss relating to employee health, accident and dental coverage. The county finances its exposure to these risks through the purchase of commercial insurance.

(11) **Long-term Debt.**

**Long-term Debt Outstanding at Year-End.**

The County had the following types of long-term debt outstanding as of September 30, 2015:

**General Obligation Bonds** - General obligation bonds are issued to provide funds for the acquisition and construction of major capital facilities and are backed by the full faith, credit and taxing power of the County. The County levies a tax on all taxable property in the county in an amount adequate to meet the required principal and interest payments on the bonds.

**Limited Obligation Debt** - In accordance with Section 31-8-1, et seq., Miss. Code Ann. (1972), the County issued Certificates of Participation and transferred the proceeds to the Southwest Mississippi Investment Co., Inc. (Corporation). The funds were used to construct a new Walthall County jail facility. At completion, the Corporation and the County entered into a twenty-year agreement with the County being obligated to make payments to the corporation equal to the principal and interest on the debt. When the debt is paid, the County will assume ownership of the facility. The obligation is not a general obligation and does not constitute a pledge of full faith and credit of the County.

**WALTHALL COUNTY**

Notes to Financial Statements  
For the Year Ended September 30, 2015

Other Loans – The County has other loans from banking institutions and the Mississippi Development Authority to provide for the acquisition of capital assets. The County uses property tax proceeds and other available resources to meet the required principal and interest payments on these loans. Although certain other loans are being retired from resources of the business-type activities, and is, therefore, recorded in that fund, the County remains liable for its payment.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2015:

	Balance Oct. 1, 2014	Additions	Reductions	Adjustments	Balance Sept. 30, 2015	Amount due within one year
<b>Governmental Activities:</b>						
Compensated absences	\$ 67,829	3,159			70,988	
General obligation bonds	115,000		85,000		30,000	30,000
Limited obligation debt	2,880,000		120,000		2,760,000	125,000
Less: deferred amounts for premiums	83,989		7,174		76,815	
Capital leases	3,074		3,074			
Other loans	613,089	569,000	518,388		663,701	176,483
<b>Total</b>	<b>\$ 3,762,981</b>	<b>572,159</b>	<b>733,636</b>	<b>0</b>	<b>3,601,504</b>	<b>331,483</b>
<b>Business-type Activities:</b>						
Compensated absences	\$ 4,311	23			4,334	
Other loans	53,875	121,000	78,075		96,800	24,200
<b>Total</b>	<b>\$ 58,186</b>	<b>121,023</b>	<b>78,075</b>	<b>0</b>	<b>101,134</b>	<b>24,200</b>

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

Debt outstanding as of September 30, 2015, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
<b>Governmental Activities:</b>			
A. General Obligation Bonds:			
Library building (2001)	\$ 30,000	5.00%	02/2016
<b>Total General Obligation Bonds</b>	<b>\$ 30,000</b>		
B. Limited Obligation Debt:			
Certificates of Participation, Jail Project	\$ 2,760,000	2.00 - 5.00%	10/2032
<b>Total Limited Obligation Bonds</b>	<b>\$ 2,760,000</b>		

**WALTHALL COUNTY**

**Notes to Financial Statements  
For the Year Ended September 30, 2015**

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
<b>C. Other Loans:</b>			
Fire truck	\$ 75,192	2.00%	02/2023
New Holland tractor	10,500	2.29%	06/2017
New Holland tractor	22,809	2.25%	06/2016
2015 Freightliner truck	55,200	2.32%	06/2019
Road construction	<u>500,000</u>	1.99%	06/2019
Total Other Loans	<u>\$ 663,701</u>		
<b>Business-type Activities:</b>			
Other Loans:			
2015 Freightliner truck	<u>\$ 96,800</u>	2.485%	06/2019

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

**Governmental Activities:**

<u>Year Ending September 30:</u>	<u>General Obligation Bonds</u>		<u>Limited Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 30,000	750	125,000	106,600
2017			125,000	104,100
2018			130,000	100,975
2019			135,000	97,725
2020			135,000	94,350
2021-2025			750,000	406,500
2026-2030			925,000	230,750
2031-2035			<u>435,000</u>	<u>26,200</u>
<b>Total</b>	<u>\$ 30,000</u>	<u>750</u>	<u>2,760,000</u>	<u>1,167,200</u>

<u>Year Ending September 30:</u>	<u>Other Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 176,483	12,819
2017	153,869	9,766
2018	148,817	6,652
2019	149,019	3,642
2020	10,425	616
2021-2025	<u>25,088</u>	<u>612</u>
<b>Total</b>	<u>\$ 663,701</u>	<u>34,107</u>

WALTHALL COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2015

Business-type Activities:

Year Ending September 30:	Other Loans	
	Principal	Interest
2016	\$ 24,200	2,412
2017	24,200	1,804
2018	24,200	1,203
2019	24,200	601
Total	\$ 96,800	6,020

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, 2015, the amount of outstanding debt was less than one percent of the latest property assessments.

(12) Deferred Inflows of Resources.

The County reports the following items in this category:

Government-wide Statement of Net Position:

Property taxes for future reporting periods. This item results from recording a receivable for property tax revenue when the revenue will not be available until a future reporting period.

Governmental Funds Balance Sheet:

- Property taxes for future reporting periods. This item results from recording a receivable for property tax revenue when the revenue will not be available until a future reporting period.
- Unavailable revenue - fines. This amount represents the portion of fines receivable that does not meet the *current financial resources* criteria, and accordingly, will not be available until a future reporting period.

(13) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2015:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Fund	\$ 8,571
Other Governmental Funds	General Fund	33,525
Agency Funds	General Fund	8,241
Total		\$ 50,337

The receivables represent the tax revenue, Justice Court Clerk fees and Circuit Clerk fees collected but not settled until October, 2015. Additionally, included is solid waste indirect cost due to the General Fund that has not been settled at September 30, 2015. All interfund balances are expected to be repaid within one year from the date of the financial statements.

**WALTHALL COUNTY**

Notes to Financial Statements  
For the Year Ended September 30, 2015

**B. Transfers In/Out:**

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 30
Other Governmental Funds	General Fund	359,920
Other Governmental Funds	Other Governmental Funds	500,000
 Total		 \$ 859,950

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

**(14) Contingencies.**

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

Litigation - Primary Government - 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.

**(15) Joint Venture.**

The County participates in the following joint venture:

Walthall County is a participant with the Counties of Amite and Pike in a joint venture, authorized by Section 39-3-11, Miss. Code Ann. (1972), to operate the Pike-Amite-Walthall Regional Library System. The joint venture was created to provide library service for the three counties and is governed by a five-member board. The Counties of Amite and Pike appoint two board members each and Walthall County appoints one board member. By contractual agreement, the County's appropriation to the joint venture was \$10,200 in fiscal year 2015. Complete financial statements for the Pike-Amite-Walthall Regional Library System can be obtained from 1022 Virginia Avenue, McComb, MS 39648.

**(16) Jointly Governed Organizations.**

The County participates in the following jointly governed organizations:

Southwest Mississippi Community College operates in a district composed of the Counties of Amite, Pike, Walthall and Wilkinson. The Walthall County Board of Supervisors appoints two of the 14 members of the college board of trustees. The County appropriated \$383,496 for operations and maintenance of the college in fiscal year 2015.

Southwest Mississippi Planning and Development District operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Walthall County Board of Supervisors appoints four of the 40 members of the board of directors. The County appropriated \$9,094 for support of the district in fiscal year 2015.

## WALTHALL COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2015

Southwest Mississippi Mental Health Complex operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Walthall County Board of Supervisors appoints one of the ten members of the board of commissioners. The County appropriated \$17,313 for its support in fiscal year 2015.

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

Southeast Mississippi Air Ambulance District operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Marion, Pearl River, Perry, Stone and Walthall. The Walthall County Board of Supervisors appoints one of the nine members of the board of directors. The County appropriated \$40,000 for support of the district in fiscal year 2015.

#### (17) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Walthall County evaluated the activity of the County through May 6, 2016, the date the financial statements were available to be issued, and determined that no subsequent event has occurred requiring disclosure in the notes to the financial statements.

**WALTHALL COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION**

WALTHALL COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 3,750,990	3,892,183	3,892,183	
Licenses, commissions and other revenue	140,000	165,724	165,724	
Fines and forfeitures	125,000	164,942	164,942	
Intergovernmental revenues	600,000	747,978	747,978	
Charges for services	11,000	16,107	16,107	
Interest income	7,465	67,823	67,823	
Miscellaneous revenues	200,787	276,057	276,057	
Total Revenues	<u>4,835,242</u>	<u>5,330,814</u>	<u>5,330,814</u>	<u>0</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,292,399	2,280,382	2,280,382	
Public safety	1,309,900	1,191,944	1,191,944	
Public works	62,825	37,866	37,866	
Health and welfare	160,446	152,562	152,562	
Culture and recreation	4,400	3,765	3,765	
Education	275,000	251,301	251,301	
Conservation of natural resources	72,828	64,223	64,223	
Economic development and assistance	65,594	63,872	63,872	
Debt service:				
Principal	54,500	120,000	120,000	
Interest		110,593	110,593	
Total Expenditures	<u>4,297,892</u>	<u>4,276,508</u>	<u>4,276,508</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>537,350</u>	<u>1,054,306</u>	<u>1,054,306</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources		1,051,527	1,051,527	
Other financing uses	(159,882)	(364,726)	(364,726)	
Total Other Financing Sources and Uses	<u>(159,882)</u>	<u>686,801</u>	<u>686,801</u>	<u>0</u>
Net Change in Fund Balance	377,468	1,741,107	1,741,107	0
Fund Balances - Beginning	<u>3,723,776</u>	<u>4,232,369</u>	<u>4,232,369</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 4,101,244</u>	<u>5,973,476</u>	<u>5,973,476</u>	<u>0</u>

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

**WALTHALL COUNTY**  
**Schedule of the County's Proportionate Share of the Net Pension Liability**  
**PERS**  
**Last 10 Fiscal Years\***  
**For the Year Ended September 30, 2015**

	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.036479%	0.036112%
County's proportionate share of the net pension liability (asset)	\$ 5,638,934	\$ 4,383,336
County's covered-employee payroll	\$ 2,278,990	\$ 2,242,355
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	247.431274%	195.479128%
Plan fiduciary net position as a percentage of the total pension liability	61.703983%	67.207687%

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

\* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and until a full 10- year trend is compiled, the County has only presented information for the years in which information was available.

WALTHALL COUNTY  
 Schedule of the County's Contributions  
 PERS  
 Last 10 Fiscal Years\*  
 For the Year Ended September 30, 2015

"Restricted for Management's Use Only"

	<u>2015</u>
Contractually required contribution	\$ 359,780
Contributions in relation to the contractually required contribution	<u>359,780</u>
Contribution deficiency (excess)	<u>\$ 0</u>
County's covered-employee payroll	\$ 2,284,321
Contributions as a percentage of covered-employee payroll	15.75%

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

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 9/30/15, and until a full 10-year trend is compiled, the County has only presented information for the years in which information was available.

WALTHALL COUNTY

Notes to the Required Supplementary Information - UNAUDITED  
For the Year Ended September 30, 2015

1. Budget.

A. Budgetary Information.

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

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

B. Basis of Presentation.

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

C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Type
	General Fund
Budget (Cash Basis)	\$ 1,741,107
Increase (Decrease)	
Net adjustments for revenue accruals	(202,004)
Net adjustments for expenditure accruals	256,753
Other reconciling items:	
Net of other financing sources and uses	(145,077)
GAAP Basis	\$ 1,650,779

WALTHALL COUNTY

Notes to the Required Supplementary Information - UNAUDITED  
For the Year Ended September 30, 2015

- (2) Schedule of the County's Proportionate Share of the Net Pension Liability and Schedule of the County's Contributions.

Changes of Assumptions.

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75%, respectively.

WALTHALL COUNTY

OTHER INFORMATION

WALTHALL COUNTY  
Schedule of Surety Bonds for County Officials - UNAUDITED  
For the Year Ended September 30, 2015

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Robert Larry Montgomery	Supervisor District 1	Western Surety Company	\$ 100,000
Ken Craft	Supervisor District 2	Western Surety Company	\$ 100,000
Shelton T. Stogner	Supervisor District 3	Western Surety Company	\$ 100,000
Bruce M. Boyd	Supervisor District 4	Western Surety Company	\$ 100,000
Clennel Brown	Supervisor District 5	Western Surety Company	\$ 100,000
Bob A. Bracey	Chancery Clerk	Western Surety Company	\$ 100,000
Donna June Smith	Purchase Clerk	Western Surety Company	\$ 75,000
Cindy C. Ginn	Assistant Purchase Clerk	American States Insurance	\$ 50,000
Larheta Dunaway	Receiving Clerk	Western Surety Company	\$ 75,000
Jack Hartley	Assistant Receiving Clerk	Western Surety Company	\$ 50,000
Dinnie Branch	Assistant Receiving Clerk	Western Surety Company	\$ 50,000
Kim Clark	Assistant Receiving Clerk	Western Surety Company	\$ 50,000
Leroy Riley	Assistant Receiving Clerk	Western Surety Company	\$ 50,000
Jessie Pigott	Assistant Receiving Clerk	Western Surety Company	\$ 50,000
Daniel Thornton, Jr.	Assistant Receiving Clerk	Western Surety Company	\$ 50,000
Milton Dunaway	Inventory Control Clerk	Western Surety Company	\$ 75,000
Bradley S. Magee	Constable	Western Surety Company	\$ 50,000
Raymond Gutter	Constable	Western Surety Company	\$ 50,000
Vernon E. Alford	Circuit Clerk	Western Surety Company	\$ 100,000
Duane Dillon	Sheriff	RLI Surety	\$ 100,000
Carl Montgomery, Jr.	Justice Court Judge	Western Surety Company	\$ 50,000
Marion McKenzie	Justice Court Judge	Western Surety Company	\$ 50,000
Janet Laird	Justice Court Clerk	Western Surety Company	\$ 50,000
Peggy D. Hilburn	Tax Collector-Assessor	Western Surety Company	\$ 100,000

Note: Assistant Receiving Clerks are under a blanket bond.

**WALTHALL COUNTY**

**SPECIAL REPORTS**

# Windham and Lacey, PLLC

## Certified Public Accountants

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2708 Old Brandon Road  
Pearl, MS 39208  
(601)939-8676

Members:  
American Institute of CPAs  
Mississippi Society of CPAs

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

Members of the Board of Supervisors  
Walthall County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of Walthall County, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the county's basic financial statements and have issued our report thereon dated May 6, 2016.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Walthall County, Mississippi's internal control to determine the auditing 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 the county'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 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.

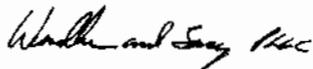
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Walthall County, Mississippi's financial statements are free of 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*.

### **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.



Windham and Lacey, PLLC  
May 6, 2016

# Windham and Lacey, PLLC

*Certified Public Accountants*

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

Members of the Board of Supervisors  
Walthall County, Mississippi

We have examined Walthall County, Mississippi's 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 Sections 31-7-13, Miss. Code Ann. (1972), during the year ended September 30, 2015. The Board of Supervisors of Walthall County, Mississippi is responsible for the county's compliance with those requirements. Our responsibility is to express an opinion on the county's compliance based on our examination.

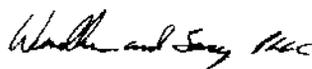
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly included examining, on a test basis, evidence about the county's compliance with those requirements and performing other procedures as we considered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

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

In our opinion, Walthall County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2015.

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 the examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of Walthall 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.



Windham and Lacey, PLLC  
May 6, 2016

WALTHALL COUNTY  
Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30, 2015

Schedule 1

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

WALTHALL COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2015

Schedule 2

Our tests results did not identify any emergency purchases.

WALTHALL COUNTY

Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2015

Schedule 3

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

# Windham and Lacey, PLLC

*Certified Public Accountants*

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## LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

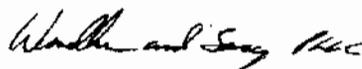
Members of the Board of Supervisors  
Walthall County, Mississippi

In planning and performing our audit of the financial statements of Walthall County, Mississippi for the year ended September 30, 2015 we considered Walthall County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Walthall County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated May 6, 2016, on the financial statements of Walthall 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, 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.

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.



Windham and Lacey, PLLC  
May 6, 2016

**WALTHAM COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES**

WALTHALL COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2015

Section 1: Summary of Auditor's Results

*Financial Statements:*

- |    |  |               |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements:                           | Unmodified    |
| 2. | Internal control over financial reporting:   |               |
| a. | Material weaknesses identified?  | No            |
| b. | Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. | Noncompliance material to the financial statements?                                    | No            |

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.