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**WARREN COUNTY, MISSISSIPPI**  
**Audited Financial Statements and Special Reports**  
**For the Year Ended September 30, 2015**

**BRIDGERS & GOODMAN, PLLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**VICKSBURG, MISSISSIPPI**

WARREN COUNTY

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**WARREN COUNTY**

**FINANCIAL SECTION**



BRIDGERS & GOODMAN, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Corporation

DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA

MEMBERS OF  
MISSISSIPPI SOCIETY OF CPAs  
AMERICAN INSTITUTE OF CPAs

## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Warren County, Mississippi

### Report on Financial Statements

We have audited the accompanying financial statements, of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Warren 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, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, based on our audits, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Warren 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 accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules and corresponding notes, the schedule of the County's Proportionate Share of the New Pension Liability, Schedule of the County's Contributions, and the Schedule of Funding Progress – Other Postemployment Benefits 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 this 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**

Warren County, Mississippi has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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 the 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.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Warren County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by U. S. Office of Management and Budget Circular A-133,

*Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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 June 16, 2016, on our consideration of Warren 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 the 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 Warren County, Mississippi's internal control over financial reporting and compliance.

*Bridgers & Goodman, PLLC*

Bridgers & Goodman, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

June 16, 2016

**WARREN COUNTY**

**FINANCIAL STATEMENTS**

WARREN COUNTY  
Statement of Net Position  
September 30, 2015

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Parks and Recreation
<b>ASSETS</b>				
Cash	\$ 17,877,978	776,582	18,654,560	20,771
Property tax receivable	15,401,805		15,401,805	
Accounts receivable		66,901	66,901	
Fines receivable, net	807,307		807,307	
Intergovernmental receivables	541,176		541,176	
Other receivables	649,539		649,539	
Land	1,979,686	4,081,027	6,060,713	
Other capital assets, net	78,954,187	3,122,620	82,076,807	265,008
<b>Total Assets</b>	<b>116,211,678</b>	<b>8,047,130</b>	<b>124,258,808</b>	<b>285,779</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension	3,940,348	80,415	4,020,763	111,141
<b>Total Deferred Outflows of Resources</b>	<b>3,940,348</b>	<b>80,415</b>	<b>4,020,763</b>	<b>111,141</b>
<b>LIABILITIES</b>				
Claims payable	1,116,282	147,910	1,264,192	18,705
Intergovernmental payables	426,275		426,275	
Accrued interest payable	23,044	2,618	25,662	
Amounts held in custody for others	62,667		62,667	
Other payables	26,211		26,211	
Claims and judgments payable	387,848		387,848	
Long-term liabilities				
Other postemployment benefits payable	3,686,096	74,199	3,760,295	
Due within one year:				
Capital related debt	368,867	84,880	453,747	
Due in more than one year:				
Capital related debt	3,320,449	1,401,417	4,721,866	
Non-capital debt	484,790	5,628	490,418	
Net pension liability	22,420,324	457,557	22,877,881	633,779
<b>Total Liabilities</b>	<b>32,322,853</b>	<b>2,174,209</b>	<b>34,497,062</b>	<b>652,484</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pension	15,810	323	16,133	8,976
Property tax for future reporting period	15,401,805		15,401,805	
<b>Total Deferred Inflows of Resources</b>	<b>15,417,615</b>	<b>323</b>	<b>15,417,938</b>	<b>8,976</b>
<b>NET POSITION</b>				
Net investment in capital assets	77,244,557	5,717,350	82,961,907	265,008
Restricted:				
Expendable:				
Debt service	791,031		791,031	
General Government	82,148		82,148	
Public safety	1,807,716		1,807,716	
Public works	4,599,851	235,663	4,835,514	
Culture and recreation	652,512		652,512	
Conservation of natural resources	2,076		2,076	
Economic development	333,031		333,031	
Unemployment compensation	89,517		89,517	
Unrestricted	(13,190,881)		(13,190,881)	(529,548)
<b>Total Net Position</b>	<b>\$ 72,411,558</b>	<b>5,953,013</b>	<b>78,364,571</b>	<b>(264,540)</b>

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Parks and Recreation	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business Type Activities		Total
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 7,831,592	1,110,456	120,057	32,140	(6,568,939)		(6,568,939)	
Public safety	8,751,184	1,412,620	166,603	182,787	(6,989,174)		(6,989,174)	
Public works	8,560,092	193,740	3,085,901	1,961,692	(3,318,759)		(3,318,759)	
Health and welfare	1,041,227		142,774		(898,453)		(898,453)	
Culture and recreation	1,257,553				(1,257,553)		(1,257,553)	
Conservation of natural resources	173,666				(173,666)		(173,666)	
Economic development and assistance	1,801,364				(1,801,364)		(1,801,364)	
Interest on long-term debt	94,382				(94,382)		(94,382)	
Pension expense	2,666,302				(2,666,302)		(2,666,302)	
<b>Total Governmental Activities</b>	<b>32,177,362</b>	<b>2,716,816</b>	<b>3,515,335</b>	<b>2,176,619</b>	<b>(23,768,592)</b>		<b>(23,768,592)</b>	
<b>Business-type activities:</b>								
Warren County Port	1,283,605	430,997			(852,608)		(852,608)	
<b>Total Business-type Activities</b>	<b>1,283,605</b>	<b>430,997</b>			<b>(852,608)</b>		<b>(852,608)</b>	
<b>Total Primary Government</b>	<b>33,460,967</b>	<b>3,147,813</b>	<b>3,515,335</b>	<b>2,176,619</b>	<b>(23,768,592)</b>		<b>(24,621,200)</b>	
<b>Component Unit - Parks and recreation</b>	<b>943,031</b>	<b>460,344</b>	<b>403,822</b>				<b>(78,865)</b>	
<b>Total Component Units</b>	<b>\$ 943,031</b>	<b>460,344</b>	<b>403,822</b>	<b>0</b>			<b>(78,865)</b>	
<b>General revenues:</b>								
Property taxes				\$ 18,843,068			18,843,068	
Road & bridge privilege taxes				577,344			577,344	
Grants and contributions not restricted to specific programs				4,494,623			4,494,623	
Unrestricted investment income				19,517			19,517	
Miscellaneous				993,171			993,171	
Total General Revenues				24,927,723			24,927,723	
Changes in Net Position				1,159,131		(238,809)	920,322	
Net Position - Beginning				88,483,075		6,575,067	95,058,142	
Prior period adjustments				(17,230,648)		(383,245)	(17,613,893)	
Net Position - Beginning, as restated				71,252,427		6,191,822	77,444,249	
Net Position - Ending				\$ 72,411,558		5,953,013	78,364,571	

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

WARREN COUNTY  
 Balance Sheet – Governmental Funds  
 September 30, 2015

Exhibit 3

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	Road Fund		
<b>ASSETS</b>				
Cash	\$ 9,554,221	3,019,392	5,304,365	17,877,978
Property tax receivable	11,470,517	2,389,212	1,542,076	15,401,805
Fines receivable, net	807,307			807,307
Intergovernmental receivables	280,782		260,394	541,176
Other receivables	188,196		461,343	649,539
Due from other funds	106,524	77,086	15,834	199,444
Total Assets	<u>22,407,547</u>	<u>5,485,690</u>	<u>7,584,012</u>	<u>35,477,249</u>
<b>LIABILITIES</b>				
Claims payable	465,318	178,350	472,614	1,116,282
Claims and judgments payable	387,848			387,848
Intergovernmental payables	426,275			426,275
Due to other funds	110,901		106,524	217,425
Other payables	8,230			8,230
Amounts held in custody	62,667			62,667
Total Liabilities	<u>1,461,239</u>	<u>178,350</u>	<u>579,138</u>	<u>2,218,727</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	11,470,517	2,389,212	1,542,076	15,401,805
Unavailable revenue - fines	807,307			807,307
Total Deferred Inflows of Resources	<u>12,277,824</u>	<u>2,389,212</u>	<u>1,542,076</u>	<u>16,209,112</u>
<b>FUND BALANCES</b>				
Restricted for:				
General government			82,148	82,148
Public safety			1,807,716	1,807,716
Public Works		2,918,128	1,681,723	4,599,851
Culture and recreation			652,512	652,512
Conservation of natural resources			2,076	2,076
Economic development and assistance			333,031	333,031
Unemployment compensation			89,517	89,517
Debt service			814,075	814,075
Unassigned	8,668,484			8,668,484
Total Fund Balances	<u>8,668,484</u>	<u>2,918,128</u>	<u>5,462,798</u>	<u>17,049,410</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 22,407,547</u>	<u>5,485,690</u>	<u>7,584,012</u>	<u>35,477,249</u>

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

WARREN 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 - Governmental Funds	\$ 17,049,410
Amounts reported for governmental services 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 \$101,236,557.	80,933,873
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	807,307
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(4,174,106)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(3,686,096)
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(22,420,324)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(23,044)
Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions	3,940,348
Deferred inflows of resources related to pensions	(15,810)
Total Net Position - Governmental Activities	<u>\$ 72,411,558</u>

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

## WARREN COUNTY

Exhibit 4

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

	Major Funds		Other	Total
	General Fund	Road Fund	Governmental Funds	Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 14,123,737	2,925,425	1,793,906	18,843,068
Road and bridge privilege taxes		577,344		577,344
Licenses, commissions and other revenue	655,521		13,499	669,020
Fines and forfeitures	400,418		15,817	416,235
Intergovernmental revenues	4,028,648	4,117,248	2,040,681	10,186,577
Charges for services	131,570		1,421,453	1,553,023
Interest income	19,474		43	19,517
Miscellaneous revenues	477,867	57,904	510,843	1,046,614
Total Revenues	<u>19,837,235</u>	<u>7,677,921</u>	<u>5,796,242</u>	<u>33,311,398</u>
<b>EXPENDITURES</b>				
Current:				
General government	8,201,091		18,164	8,219,255
Public safety	7,587,269		1,791,954	9,379,223
Public works	1,311,232	8,110,550	1,124,348	10,546,130
Health and welfare	1,025,992			1,025,992
Culture and recreation	393,185		919,376	1,312,561
Conservation of natural resources	158,089		13,342	171,431
Economic development and assistance	55,094		1,746,270	1,801,364
Debt service:				
Principal	14,048	508,191	220,400	742,639
Interest	580	15,550	109,180	125,310
Total Expenditures	<u>18,746,580</u>	<u>8,634,291</u>	<u>5,943,034</u>	<u>33,323,905</u>
Excess of Revenues over (under) Expenditures	<u>1,090,655</u>	<u>(956,370)</u>	<u>(146,792)</u>	<u>(12,507)</u>
<b>OTHER FINANCING SOURCES ( USES)</b>				
Long-term capital debt issued		713,181	277,114	990,295
Proceeds from sale of capital assets	14,705	396,000		410,705
Total Other Financing Sources and Uses	<u>14,705</u>	<u>1,109,181</u>	<u>277,114</u>	<u>1,401,000</u>
Net Changes in Fund Balances	<u>1,105,360</u>	<u>152,811</u>	<u>130,322</u>	<u>1,388,493</u>
Fund Balances - Beginning	<u>7,563,124</u>	<u>2,765,317</u>	<u>5,332,476</u>	<u>15,660,917</u>
Fund Balances - Ending	<u>\$ 8,668,484</u>	<u>2,918,128</u>	<u>5,462,798</u>	<u>17,049,410</u>

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

WARREN COUNTY

Exhibit 4-1

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

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 1,388,493
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$4,954,484 exceeded depreciation of \$2,563,491 in the current period.	2,390,993
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.	(464,148)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	78,538
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$990,295 exceeded debt repayments of \$742,639.	(247,656)
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Other postemployment benefits payable	(772,859)
Compensated absences payable	(10,987)
Accrued interest payable	30,928
Items reported in the Statement of Activities relating to the implementation of GASB 68 are not reported in the governmental funds. These activities include:	
Recognition of pension expense for the current year	(2,666,302)
Recognition of contributions made for the current year	1,432,131
Change in Net Position of Governmental Activities	<u>\$ 1,159,131</u>

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

WARREN COUNTY  
Statement of Net Position – Proprietary Funds  
September 30, 2015

Exhibit 5

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Warren County Port</u>	
<b>ASSETS</b>		
Current assets:		
Cash	\$	776,582
Accounts receivable		66,901
Total Current Assets		<u>843,483</u>
Noncurrent assets:		
Land		4,081,027
Other capital assets, net		3,122,620
Total Noncurrent Assets		<u>7,203,647</u>
Total Assets		<u>8,047,130</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions		80,415
Total Deferred Outflows of Resources		<u>80,415</u>
<b>LIABILITIES</b>		
Current liabilities:		
Claims payable		147,910
Accrued interest payable		2,618
Capital related debt - current		84,880
Total Current Liabilities		<u>235,408</u>
Noncurrent liabilities:		
Other postemployment benefits payable		74,199
Capital related debt:		
Other long-term liabilities		1,401,417
Non-capital debt:		
Compensated absences payable		5,628
Net pension liability		457,557
Total Noncurrent Liabilities		<u>1,938,801</u>
Total Liabilities		<u>2,174,209</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions		323
Total Deferred Inflows of Resources		<u>323</u>
<b>NET POSITION</b>		
Net investment in capital assets		5,717,350
Restricted for public works		235,663
Total Net Position	\$	<u>5,953,013</u>

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

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

Business-type Activities - Enterprise Funds

	<u>Warren County Port</u>
<b>Operating Revenues</b>	
Charges for services	\$ 430,997
Rental income	578,465
Other income	35,334
Total Operating Revenues	<u>1,044,796</u>
<b>Operating Expenses</b>	
Personal services	240,705
Contractual services	819,646
Consumable supplies	48,285
Depreciation expense	69,009
Pension expense	54,414
Total Operating Expenses	<u>1,232,059</u>
Operating Income ( Loss )	<u>(187,263)</u>
<b>Nonoperating Revenues ( Expenses )</b>	
Interest expense	<u>(51,546)</u>
Net nonoperating Revenue ( Expenses)	<u>(51,546)</u>
Change in Net Position	<u>(238,809)</u>
Net Position - Beginning	6,575,067
Prior period adjustments	<u>(383,245)</u>
Net Position - Beginning, as restated	<u>6,191,822</u>
Net Position - Ending	<u>\$ 5,953,013</u>

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

WARREN COUNTY  
Statement of Cash Flows – Proprietary Funds  
For the Year Ended September 30, 2015

Exhibit 7

	<u>Business-type Activities - Enterprise Funds</u>
	<u>Warren County Port</u>
<b>Cash Flows From Operating Activities</b>	
Receipts from customers	\$ 422,033
Payments to suppliers	(830,369)
Payments to employees for services	(252,157)
Other operating cash receipts	599,356
Net Cash Provided (Used) by Operating Activities	<u>(61,137)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Principal paid on debt	(62,013)
Interest paid on debt	(48,928)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(110,941)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(172,078)
Cash and Cash Equivalents at Beginning of Year	<u>948,660</u>
Cash and Cash Equivalents at End of Year	<u>\$ 776,582</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)</b>	
by Operating Activities:	
Operating income (Loss)	<u>(187,263)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	69,009
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(23,406)
(Increase) decrease in deferred outflows of resources	(73,403)
Increase (decrease) in claims payable	39,197
Increase (decrease) in other post employment benefits payable	15,678
Increase (decrease) in compensated absences liability	461
Increase (decrease) in net pension liability	98,267
Increase (decrease) in deferred inflows of resources	<u>323</u>
Total Adjustments	<u>126,126</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (61,137)</u>

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

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

Exhibit 8

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 136,679
Due from other funds	17,981
	<hr/>
Total Assets	<u>154,660</u>
<b>LIABILITIES</b>	
Intergovernmental payables	154,660
	<hr/>
Total Liabilities	<u>\$ 154,660</u>

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

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.**

**A. Financial Reporting Entity** – Warren 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 Warren County to present these financial statements on the primary government and its component unit 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
- Tax Collector
- Sheriff

**B. Individual Component Unit Disclosures**

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

Warren County - Vicksburg Library - The mission of the library is to provide library services that meet the general and specialized needs of the citizens of Warren County. The Board of Supervisors of Warren County appoints the five members of the library's Board of Trustees.

Warren County Port Commission (Business-type) - was created by a special act of the Mississippi Legislature in 1973, for the purpose of overseeing the operations of the Port. A five-member board of commissioners is appointed by the Warren County Board of Supervisors.

**Discretely Presented Component Unit** – The component unit column in the financial statements includes the financial data of the following component unit of the county. It is reported in a separate column to emphasize that it is legally separate from the county.

Warren County Parks and Recreation Commission - Created for the purpose of operating Clear Creek Golf Course, a public golf course that serves the citizens of Warren County and surrounding counties. Additionally, the commission oversees various recreational facilities and playing fields in the county. The Warren County Board of Supervisors appoints the five members of the Commission.

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

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

**Government-wide Financial Statements:**

The Statement of Net Position and the Statement of Activities display information concerning the County as a whole. The statements include all non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

**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/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column as Other Governmental Funds.

**D. 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.

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

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

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

The County reports the following major Governmental Funds:

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

Road Fund - Accounts for monies from specific revenue sources that are restricted for highway maintenance.

The County reports the following major Enterprise Fund:

Warren County Port Fund - This fund is used to account for the County's activities of operating the port.

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 expenditures 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 expenditures 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 expenditures 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.

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

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.

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

**F. 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 market value. However, the County did not invest in any governmental securities during the fiscal year.

**G. Receivables** – Receivables are reported net of allowances for uncollectible accounts, where applicable.

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

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

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 non-capitalization 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.

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

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

	<u>Capitalization Thresholds</u>	<u>Estimated Service Life</u>
Land	\$ 0	N/A
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5 to 10 years
Furniture and equipment	5,000	3 to 7 years
Infrastructure	0	20 to 50 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.

**J. 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.

Deferred outflows related to pensions – This amount represents the County's proportionate share of the deferred outflows of resources reported by the pension plan in which the County participates. See note 11 for additional details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows. 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 inflows of resources until that time.

Property tax for future reporting period/unavailable revenue – property taxes – Deferred inflows of resources should be reported when resources associated with imposed non-exchange revenue transactions are received or reported as a receivable before the period for which property taxes are levied.

Unavailable revenue – fines – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time the revenue becomes available.

Deferred inflows related to pensions – This amount represents the County's proportionate share of the deferred inflows of resources reported by the pension plan in which the County participates. See note 11 for additional details.

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

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

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

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Position.

**M. Equity Classifications**

Government-wide Financial Statements:

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

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

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

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

Net Position Flow Assumption:

When an expense is incurred for purposes for which both restricted and unrestricted (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 (unassigned) resources are available, and amounts in the unrestricted classification could be used, it is the County's general policy to spend 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.

Government fund balance is classified as restricted or unassigned. The following are descriptions of fund classifications used by the County:

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

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**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 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 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 (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 (unassigned) resources are available, it is the County's general policy to spend unassigned amounts.

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

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

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

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

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

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**Q. Changes in Accounting Standards** – The County implemented the following standards issued by the Governmental Accounting Standards Board (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*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The provisions of these standards have been incorporated into the financial statements and notes.

**NOTE 2 – PRIOR PERIOD ADJUSTMENTS.**

A summary of significant equity adjustments is as follows:

**Exhibit 2 - Statement of Activities.**

<u>Explanation</u>	<u>Amount</u>
Implementation of GASB 68 and 71:	
Net pension liability (measurement date)	\$ (17,605,200)
Deferred outflows of resources - contributions	343,585
Total Prior period adjustment in relation to GASB 68 and 71	<u>(17,261,615)</u>
To move Calsonic building and related debt to the Port Fund	
Capital assets (building)	(1,548,310)
Accumulated depreciation	30,967
Long-term capital debt	1,548,310
Total prior period adjustments	<u>\$ (17,230,648)</u>

**Exhibit 6 - Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.**

<u>Explanation</u>	<u>Amount</u>
Implementation of GASB 68 and 71:	
Net pension liability (measurement date)	\$ (359,290)
Deferred outflows of resources - contributions	7,012
Total Prior period adjustment in relation to GASB 68 and 71	<u>(352,278)</u>
To move Calsonic building and related debt to the Port Fund	
Capital assets (building)	1,548,310
Accumulated depreciation	(30,967)
Long-term capital debt	(1,548,310)
Total prior period adjustments	<u>\$ (383,245)</u>

**NOTE 3 – DEPOSITS.**

The carrying amount of the County's total deposits with financial institutions at September 30, 2015, was \$18,791,239 and the bank balance was \$19,141,636. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

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.

**NOTE 4 – INTER-FUND TRANSACTIONS AND BALANCES.**

The following is a summary of inter-fund balances at September 30, 2015:

Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 106,524
Road Fund	General Fund	77,086
Other Governmental Funds	General Fund	15,834
Agency Funds	General Fund	17,981
Total		<u>\$ 217,425</u>

**NOTE 5 – INTERGOVERNMENTAL RECEIVABLES.**

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

<u>Description</u>	<u>Amount</u>
Legislative tax credit	\$ 277,493
VOCA Grant	3,289
CDBG	260,394
Total Governmental Activities	<u>\$ 541,176</u>

**NOTE 6 – OTHER RECEIVABLES.**

The other receivables at September 30, 2015, consisted of the following:

<u>Description</u>	<u>Amount</u>
Special assessments from an agreement between the County and three residential subdivisions for paving projects	\$ 461,343
Circuit clerk for over cap fees and payments to kinship in the first degree	188,000
Tax collector receivable	196
Total Governmental Activities	<u>\$ 649,539</u>

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE 7 – CAPITAL ASSETS.**

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

	Balance Oct. 1, 2014	Additions	Deletions	Adjustments	Balance Sept. 30, 2015
<b>Governmental Activities</b>					
<b>Non-depreciable capital assets:</b>					
Land	\$ 1,651,416	328,270			1,979,686
Total non-depreciable capital assets	<u>1,651,416</u>	<u>328,270</u>	<u>0</u>	<u>0</u>	<u>1,979,686</u>
<b>Depreciable capital assets:</b>					
Infrastructure	158,082,906	2,891,345	42,915		160,931,336
Buildings	10,987,959			(1,548,310)	9,439,649
Mobile equipment	6,713,483	676,588	404,695		6,985,376
Furniture and equipment	1,291,742	67,986	120,472		1,239,256
Capital leases	1,176,185	990,295	571,353		1,595,127
Total depreciable capital assets	<u>178,252,275</u>	<u>4,626,214</u>	<u>1,139,435</u>	<u>(1,548,310)</u>	<u>180,190,744</u>
<b>Less accumulated depreciation for:</b>					
Infrastructure	89,629,583	1,584,825	7,064		91,207,344
Buildings	3,288,583	212,068		(30,967)	3,469,684
Mobile equipment	5,099,741	424,329	355,643		5,168,427
Furniture and equipment	934,223	46,240	106,888		873,575
Capital leases	427,190	296,029	205,692		517,527
Total accumulated depreciation	<u>99,379,320</u>	<u>2,563,491</u>	<u>675,287</u>	<u>(30,967)</u>	<u>101,236,557</u>
Total depreciable capital assets, net	<u>78,872,955</u>	<u>2,062,723</u>	<u>464,148</u>	<u>(1,517,343)</u>	<u>78,954,187</u>
Capital assets, net	<u>\$ 80,524,371</u>	<u>2,390,993</u>	<u>464,148</u>	<u>(1,517,343)</u>	<u>80,933,873</u>
<b>Business-type Activities</b>					
<b>Non-depreciable capital assets:</b>					
Land	\$ 4,081,027				4,081,027
Total non-depreciable capital assets	<u>4,081,027</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,081,027</u>
<b>Depreciable capital assets:</b>					
Infrastructure	537,762				537,762
Buildings	1,728,690			1,548,310	3,277,000
Mobile equipment	267,074				267,074
Furniture and equipment	42,568				42,568
Total depreciable capital assets	<u>2,576,094</u>	<u>0</u>	<u>0</u>	<u>1,548,310</u>	<u>4,124,404</u>
<b>Less accumulated depreciation for:</b>					
Infrastructure	43,020				43,020
Buildings	609,350	65,542		30,967	705,859
Mobile equipment	211,127	3,467			214,594
Furniture and equipment	38,311				38,311
Total accumulated depreciation	<u>901,808</u>	<u>69,009</u>	<u>0</u>	<u>30,967</u>	<u>1,001,784</u>
Total depreciable capital assets, net	<u>1,674,286</u>	<u>(69,009)</u>	<u>0</u>	<u>1,517,343</u>	<u>3,122,620</u>
Capital assets, net	<u>\$ 5,755,313</u>	<u>(69,009)</u>	<u>0</u>	<u>1,517,343</u>	<u>7,203,647</u>

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

Component Unit - Parks and Recreation	Balance				Balance
	Oct. 1, 2014	Additions	Deletions	Adjustments	Sept. 30, 2015
<u>Depreciable capital assets:</u>					
Buildings	\$ 123,336				123,336
Furniture and equipment	339,794	22,822			362,616
Total depreciable capital assets	<u>463,130</u>	<u>22,822</u>	<u>0</u>	<u>0</u>	<u>485,952</u>
<u>Less accumulated depreciation for:</u>					
Buildings	9,872	2,468			12,340
Furniture and equipment	168,462	40,142			208,604
Total accumulated depreciation	<u>178,334</u>	<u>42,610</u>	<u>0</u>	<u>0</u>	<u>220,944</u>
Capital assets, net	<u>\$ 284,796</u>	<u>(19,788)</u>	<u>0</u>	<u>0</u>	<u>265,008</u>

Depreciation expense was charge to the following functions:

<b>Governmental Activities</b>		<u>Amount</u>
General government		\$ 167,888
Public safety		392,625
Public works		1,958,270
Health and welfare		13,650
Culture and recreation		31,058
Total		<u>\$ 2,563,491</u>
<b>Business-type Activities</b>		
Public works		<u>\$ 69,009</u>
<b>Component Unit - Parks and Recreation</b>		
Culture and recreation		<u>\$ 42,610</u>

**NOTE 8 – CLAIMS AND JUDGMENTS.**

Risk Financing – The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2015, to January 1, 2016. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

The County finances its exposure to risk of loss relating to employee health and accident coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool. The pool is a claims-serving organization with the County retaining the risk of loss on all claims to which the County is exposed. Premium payments to the pool are determined on an actuarial basis. The County has reinsurance which functions on a specific stop loss coverage. This coverage is purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$50,000. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the

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amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs).

The following table provides changes in the balances of claims liabilities for fiscal years 2014 and 2015:

	2014	2015
Unpaid Claims, Beginning of Fiscal Year	\$ 461,277	623,723
Plus: Incurred Claims ( Including IBNRs )	4,181,981	3,402,448
Less: Claims payments	(4,019,535)	(3,638,323)
Unpaid Claims, End of Fiscal Year	<u>\$ 623,723</u>	<u>387,848</u>

**NOTE 9 – CAPITAL LEASES.**

As Lessee – The County is obligated for the following capital assets acquired through capital leases as of September 30, 2015:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment - Road Fund	\$ 1,189,026
AS 400 Computer and E-911 equipment	406,101
Total	<u>1,595,127</u>
Less: Accumulated depreciation	<u>517,527</u>
Leased Property Under Capital Leases	<u>\$ 1,077,600</u>

The following is a schedule by years of the total payments due as of September 30, 2015:

<u>Year Ending September 30:</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 188,132	21,864
2017	182,579	18,883
2018	288,543	14,103
2019	155,773	11,473
2020	510,577	7,005
Total	<u>\$ 1,325,604</u>	<u>73,328</u>

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB).**

Plan Description – The Warren County Board of Supervisors administers the County's health insurance plan which is authorized by Sections 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Warren County Board of Supervisors. The County is self-insured through the Mississippi Public Entity Employee Benefit Trust (the Plan), with reinsurance purchased from a commercial carrier that is effective for claims in excess of \$50,000. Since retirees may obtain health insurance by participating in a group with active employees and consequently receive a health insurance premium rate differential, the County has a postemployment healthcare benefit reportable under GASB Statement 45 as a single employer defined benefit health care plan. Effective October 1, 2009, the County implemented GASB Statement 45 prospectively, which requires reporting on an accrual basis the liability associated with other postemployment benefits. The County does not issue a publicly available financial report of the Plan.

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Funding Policy – Employees' premiums are funded by the County with additional funding provided by retired employees and by active employees for spouse and dependent medical coverage. The Plan is financed on a pay-as-you-go basis. The Board of Supervisors, acting in conjunction with the commercial insurance company, has the sole authority for setting health insurance premiums for the County's health insurance plan.

Per Section 25-15-103, Mississippi Code Ann. (1972), any retired employee electing to purchase retiree health insurance must pay the full cost of the insurance premium monthly to the county. For the year ended September 30, 2015, retiree premiums range from \$364 to \$890 depending on dependent coverage and Medicare eligibility.

Actuarial Valuation – The County's Health Insurance Plan's Report of the Actuary on the Other Postemployment Benefits Valuation was prepared as of October 1, 2015. The Plan presently has an actuarial valuation performed bi-annually, in order to be in compliance with GASB Statement 45.

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC is determined assuming the Plan would fund the OPEB liability on a pay-as-you-go basis. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC of \$882,160 is 12.60 percent of annual covered payroll.

The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB plan for fiscal years 2013, 2014 and 2015:

	2013	2014	2015
Annual required contribution	\$ 867,417	848,804	882,159
Interest on prior year net OPEB obligation	63,428	99,016	133,729
Adjustment to annual required contribution	<u>(67,508)</u>	<u>(106,577)</u>	<u>(145,676)</u>
Annual OPEB cost	863,337	841,243	870,212
Contributions made	<u>72,488</u>	<u>69,846</u>	<u>81,676</u>
Increase in net OPEB obligation	790,849	771,397	788,536
Net OPEB obligation – beginning of year	<u>1,409,513</u>	<u>2,200,362</u>	<u>2,971,759</u>
Net OPEB obligation – end of year	<u>\$ 2,200,362</u>	<u>2,971,759</u>	<u>3,760,295</u>

The following table provides the County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for the fiscal years 2013, 2014 and 2015:

	Annual OPEB Cost	Amount and Percentage of Annual OPEB Cost Contributed		Net OPEB obligation
2013	\$ 863,337	72,489	8.40%	\$ 790,849
2014	\$ 841,243	69,846	8.30%	\$ 771,397
2015	\$ 870,212	81,676	9.39%	\$ 788,536

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Funding Status and Funding Progress – The following tables provide funding information for the most recent actuarial valuation date (2014-2015) and prior funding information for (2013-2014), and (2012-2013):

Plan Year	Actuarial Value		Actuarial Accrued	
	of Assets	Liability (AAL)	Entry Age	Unfunded AAL (UAAL)
2012-2013	\$ 0	6,170,908		6,170,908
2013-2014	\$ 0	6,268,496		6,268,496
2014-2015	\$ 0	7,041,230		7,041,230

  

Plan Year	Funded Ratio	Covered Payroll		UAAL as a Percentage
				of Covered Payroll
2012-2013	0%	\$ 7,214,289		86%
2013-2014	0%	\$ 7,001,256		90%
2014-2015	0%	\$ 7,001,256		101%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	October 1, 2015
Actuarial cost method	Entry Age
Amortization method	30 Year Level Percentage of Pay
Remaining amortization period	Twenty-eight Years
Asset valuation method	Entry Age Normal Method
Actuarial assumptions:	
Investment rate of return	4.50%
Projected salary increases	2 % per annum
Healthcare cost trend rate	9.5% graded down to 5% over 9 years
Ultimate trend rate	5%
Year of ultimate trend rate	2022

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**NOTE 11 – DEFINED BENEFIT PENSION PLAN**

*General Information about the Pension Plan*

Plan Description. Warren County, Mississippi contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Benefits Provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each addition year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. Plan provisions are established and may be amended only by the State of Mississippi Legislature.

Contributions. At September 30, 2015, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The employer's rate at September 30, 2015 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature.

The County's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$1,461,359, \$1,408,788, and \$1,321,891, respectively, equal to the required contributions for each year.

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

At September 30, 2015 the County reported a liability of \$22,877,881 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 contribution to the pension plan relative to projected contributions of all participation entities, actuarially determined. At June 30, 2015, the County's proportion was 0.148 percent, which was the same as its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the County recognized pension expense of \$2,720,716. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 352,079	
Net difference between projected and actual earnings on pension plan investments	1,338,601	
Changes of assumptions	1,970,851	
Changes in the proportion and differences between County contributions and proportionate share of contributions		16,133
County Contributions subsequent to the measurement date	<u>359,232</u>	
	<u>\$ 4,020,763</u>	<u>16,133</u>

\$359,232 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended September 30, 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:

<u>Year ending September 30:</u>	<u>Amount</u>
2016	\$ 1,182,737
2017	1,182,737
2018	945,273
2019	334,651
Total	<u>\$ 3,645,398</u>

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

Inflation	3.00 percent
Salary increases	3.75 - 19 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period 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 real 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 as of June 30, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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)
	<u>100.00 %</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be made at the current 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.

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

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
County's proportionate share of the net pension liability	\$ 30,155,144	22,877,881	16,839,114

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

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**COMPONENT UNITS – Warren County Parks and Recreation Commission**

Plan Description. The Commission contributes to the Public Employees’ Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan.

Contributions. The Commission’s contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$41,065, \$39,891, and \$31,354, respectively, equal to the required contributions for each year.

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

At September 30, 2015 the Commission reported a liability of \$633,779 for its proportionate share of the net pension liability. At June 30, 2015, the Commission’s proportion was 0.0041 percent, which was a decrease of 0.0001 percent from its proportion measured as of June 30, 2014. For the year ended September 30, 2015, the Commission recognized pension expense of \$72,236. At September 30, 2015, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,754	
Net difference between projected and actual earnings on pension plan investments	37,083	
Changes of assumptions	54,597	
Changes in the proportion and differences between actual contributions and proportionate share of contributions		8,976
Contributions subsequent to the measurement date	<u>9,707</u>	
	<u>\$ 111,141</u>	<u>8,976</u>

\$9,707 reported as deferred outflows of resources related to pensions resulting from 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:

<u>Year ending September 30:</u>	<u>Amount</u>
2016	\$ 29,630
2017	29,630
2018	23,928
2019	<u>9,270</u>
Total	<u>\$ 92,458</u>

Sensitivity to the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Proportionate share of the net pension liability	\$ 835,379	633,779	466,489

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**NOTE 12 – LONG TERM DEBT**

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>			
<b>A. General Obligation Bonds:</b>			
Port Capital Improvement	\$ 1,870,000	3.75 to 4.50	10-2027
Total General Obligation Bonds	<u>\$ 1,870,000</u>		
<b>B. Special Assessment Debt with Commitments</b>			
Subdivision Paving Projects	\$ 493,712	3.31	04-2021
Total Special Assessment Debt	<u>\$ 493,712</u>		
<b>C. Capital Leases:</b>			
AS-400 Server System-SN10503CR	\$ 20,405	2.07	02-2017
2102 CAT 950K Loader	175,738	1.78	10-2017
E911 ADSi CAD Equipment	159,800	0.00	04-2019
E911 Furniture	126,382	2.21	06-2020
CAT Motorgrader SN: ONF00280	232,946	1.96	06-2020
CAT Motorgrader SN: ONF00338	232,946	1.96	06-2020
CAT Motorgrader SN: ONF00339	232,946	1.96	06-2020
Viper Upgrade	144,441	2.21	09-2020
Total Capital Leases	<u>\$ 1,325,604</u>		
<b>Business-type Activities:</b>			
<b>A. Special Assessment Debt with Commitments</b>			
Calsonic Building	\$ 1,486,297	3.00	04-2029
Total Special Assessment Debt	<u>\$ 1,486,297</u>		

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

Year ending September 30:	<b>Governmental Activities</b>				<b>Business-type Activities</b>	
	<b>General obligation bonds</b>		<b>Special assessment</b>		<b>Special assessment</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2016	\$ 105,000	71,819	75,735	16,342	84,880	43,428
2017	110,000	67,519	78,242	13,835	87,462	40,846
2018	120,000	62,919	80,831	11,245	90,122	38,186
2019	125,000	58,175	83,507	8,570	92,863	35,445
2020	130,000	53,361	86,271	5,806	95,687	32,621
2021-2025	745,000	184,206	89,126	2,950	523,905	117,635
2026-2030	535,000	32,700			511,378	33,931
Total	<u>\$ 1,870,000</u>	<u>530,699</u>	<u>493,712</u>	<u>58,748</u>	<u>1,486,297</u>	<u>342,092</u>

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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 counties issue 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 equal to 0.86% of the latest property assessments.

Special Assessment Debt with Commitments - During the fiscal year 2011, the County obtained a special assessment loan in the amount of \$800,000 of which \$610,613 was drawn in fiscal 2011 and \$173,034 in fiscal 2012. The County will not draw the remainder of the funds. The debt was issued to provide funds for the paving of streets in the Fairways, Forest Cove and Amberleaf subdivisions. The loan is secured by the full faith and credit of the County. The County levied a special assessment tax upon all taxable property in the benefited area. The tax is adequate and sufficient to provide for the payment of the principal and interest on the loan. The balance remaining at September 30, 2015 was \$493,712.

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

	Balance				Balance	Amount due
	Oct. 1, 2014	Additions	Reductions	Adjustments	Sept. 30, 2015	within one year
<b>Governmental Activities:</b>						
Compensated absences	\$ 473,803	10,987			484,790	
General obligation bonds	1,970,000		100,000		1,870,000	105,000
Special assessment debt	2,115,330		73,308	(1,548,310)	493,712	75,735
Capital leases	904,640	990,295	569,331		1,325,604	188,132
Total	<u>\$ 5,463,773</u>	<u>1,001,282</u>	<u>742,639</u>	<u>(1,548,310)</u>	<u>4,174,106</u>	<u>368,867</u>
<b>Business-Type Activities:</b>						
Compensated absences	\$ 5,167	461			5,628	
Special assessment debt			62,013	1,548,310	1,486,297	84,880
Total	<u>\$ 5,167</u>	<u>461</u>	<u>62,013</u>	<u>1,548,310</u>	<u>1,491,925</u>	<u>84,880</u>

Compensated absences will be paid by the funds from which the employees' salaries were paid which are generally the General Fund, Road Fund, Other Governmental, and Business-Type Port Fund.

**NOTE 13 – 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 purpose. 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 statement.

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Litigation - The County is part 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 this and other 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.

**NOTE 14 – NO COMMITMENT DEBT (NOT INCLUDED IN FINANCIAL STATEMENTS).**

No commitment debt is repaid only by the entities for which that debt was issued and includes debt that either bears the County's name or for which a moral responsibility may exist that is not an enforceable promise to pay. No commitment debt explicitly states the absence of obligation by the County other than possibly an agreement to assist creditors in exercising their rights in the event of default. Because a default may adversely affect the County's own ability to borrow, the principal amount of such debt outstanding at year end disclosed as follows:

Description	Balance at September 30, 2015
Industrial Revenue Bonds	\$215,745,000

**NOTE 15 – OTHER COMMITMENTS.**

As of September 30, 2015, the county had the following commitments:

On March 1, 1995, the Warren County Board of Supervisors entered into an agreement with the City of Vicksburg to pledge to the city, for payment of a portion of the principal, interest, fees and expenses of the bonds for the Vicksburg Factory Outlet Mall Project, the avails of the added incremental increase in county ad-valorem taxes levied against the real property constituting the project. County ad-valorem taxes on personal property or for school district purposes shall not be subject to the pledge of ad-valorem taxes. The pledge of tax revenues is irrevocable until such time as the entirety of the principal, interest, fees and expenses relating to the bonds are paid in full. In the event the incremental increase in city and county ad-valorem tax revenues derived from the project exceed the principal, interest, fees and expenses related to the bonds, the city and the county shall annually be entitled to a portion of such surplus to be determined based on the percentage of ad-valorem tax revenue respectively made available by the city and county.

On December 1, 1997, the Warren County Board of Supervisors entered into an agreement with the City of Vicksburg to pledge to the city, for payment of a portion of the principal, interest, fees and expenses of the bonds for the Horne Development, L.P., Shopping Center Project, the avails of the added incremental increase in county ad-valorem taxes levied against the real property and improvements constituting the project. County ad-valorem taxes on personal property for school district purposes shall not be subject to the pledge of ad-valorem taxes. The pledge of tax revenues is irrevocable until such time as the entirety of the principal, interest, fees and expenses relating to the bonds are paid in full. In the event the incremental increase in city and county ad-valorem tax revenues derived from the project exceed the principal, interest, fees and expenses related to the bonds, the city and the county shall annually be entitled to a portion of such surplus to be determined based on the percentage of ad-valorem tax revenue respectively made available by the city and the county.

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2015**

**NOTE 16 – RELATED ORGANIZATIONS.**

The Warren County Board of Supervisors are responsible for appointing a voting majority of the members of the boards of the following organizations, but the County's accountability for these organizations does not extend beyond making the appointments to these organizations:

Culkin Water District and Vicksburg Bridge Commission

**NOTE 17 – JOINT VENTURE.**

The County participates in the following joint venture:

Warren County is a participant with the City of Vicksburg, Madison Parish, Louisiana, and the City of Tallulah, Louisiana, in a joint venture, authorized by Section 61-3-5, Miss. Code. Ann. (1972), to operate the Vicksburg-Tallulah Regional Airport. The joint venture was created to provide air service to the area and is governed by a five-member board of commissioners appointed as follows: Warren County, one; Madison Parish, Louisiana, one; City of Vicksburg, one; City of Tallulah, Louisiana, one. The fifth member is jointly approved. The County appropriated \$43,134 to support the airport in fiscal year 2015. Complete financial statements for the Vicksburg-Tallulah Regional Airport can be obtained from P.O. Box 1311, Vicksburg, Ms. 39181.

Warren County is participating with the City of Vicksburg in a joint venture, authorized by local and private legislation to operate the Vicksburg-Warren Convention and Visitors Bureau. The joint venture is governed by an eleven-member board with five appointed by the city and five appointed by the County. The eleventh member is jointly approved. The County did not appropriate any funds to the organization in the fiscal year 2015. Complete financial statements may be obtained from the Vicksburg-Warren Convention and Visitors Bureau, P.O. Box 110, Vicksburg, MS 39181.

**NOTE 18 – JOINTLY GOVERNED ORGANIZATIONS.**

The County participates in the following jointly governed organizations:

Hinds Community College operates in a district composed of the counties of Claiborne, Copiah, Hinds, Rankin and Warren. The college's board of trustees is composed of 15 members. The Warren County Board of Supervisors appoints one of those members. The County appropriated \$1,232,963 for support and maintenance of the college in fiscal year 2015.

Central Mississippi Planning and Development District operates in a district composed of the counties of Copiah, Hinds, Madison, Rankin, Simpson, Warren and Yazoo. The governing body is a thirty-three-member board of directors, of which, three are appointed by the Warren County Board of Supervisors. The County appropriated \$17,752 in support of the district in fiscal year 2015.

Central Mississippi Emergency Medical Services District operates in a district composed of the counties of Attala, Clarke, Copiah, Holmes, Lauderdale, Leake, Madison, Neshoba, Rankin, Scott, Smith, Warren and Yazoo. The Warren County Board of Supervisors appoints two of the 26 board members. The County appropriated \$4,146 to the organization in fiscal year 2015.

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

**NOTE 19 – 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 Warren County evaluated the activity of the County through June 16, 2016 (the date the financial statements were available to be issued), and determined that no subsequent event has occurred that requires disclosure in the notes to the financial statements.

**WARREN COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION**

WARREN 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	\$ 13,388,214	14,119,228	14,119,228	0
Licenses, commissions and other revenue	372,000	653,892	653,892	0
Fines and forfeitures	345,000	393,354	393,354	0
Intergovernmental revenues	3,949,055	4,034,897	4,034,897	0
Charges for services	75,000	131,570	131,570	0
Interest income	15,100	19,486	19,486	0
Miscellaneous revenues	110,000	477,867	477,867	0
Total Revenues	<u>18,254,369</u>	<u>19,830,294</u>	<u>19,830,294</u>	<u>0</u>
<b>EXPENDITURES</b>				
General government	8,381,509	8,212,470	8,212,470	0
Public safety	7,045,848	7,632,181	7,632,181	0
Public works	1,260,550	1,428,023	1,428,023	0
Health and welfare	1,093,131	1,010,972	1,010,972	0
Culture and recreation	439,400	390,500	390,500	0
Conservation of natural resources	198,429	156,270	156,270	0
Economic development and assistance	27,752	53,970	53,970	0
Principal paid	14,629	14,048	14,048	0
Interest paid		580	580	0
Total Expenditures	<u>18,461,248</u>	<u>18,899,014</u>	<u>18,899,014</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(206,879)</u>	<u>931,280</u>	<u>931,280</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sources	90,718	14,705	14,705	0
Total Other Financing Sources (Uses)	<u>90,718</u>	<u>14,705</u>	<u>14,705</u>	<u>0</u>
Net Change in Fund Balance	<u>(116,161)</u>	<u>945,985</u>	<u>945,985</u>	<u>0</u>
Fund Balance - Beginning	<u>3,240,199</u>	<u>9,119,328</u>	<u>9,119,328</u>	<u>0</u>
Fund Balance - Ending	<u>\$ 3,124,038</u>	<u>10,065,313</u>	<u>10,065,313</u>	<u>0</u>

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

WARREN COUNTY  
 Budgetary Comparison Schedule – Budget and Actual (Non-GAAP Basis)  
 Road 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	\$ 2,884,355	2,925,184	2,925,184	0
Road and bridge privilege taxes	545,000	574,438	574,438	0
Intergovernmental revenues	792,000	4,117,248	4,117,248	0
Miscellaneous revenues	0	57,904	57,904	0
Total Revenues	<u>4,221,355</u>	<u>7,674,774</u>	<u>7,674,774</u>	<u>0</u>
<b>EXPENDITURES</b>				
Public works	4,354,663	8,121,018	8,121,018	0
Principal paid	545,928	508,191	508,191	0
Interest paid		15,550	15,550	0
Total Expenditures	<u>4,900,591</u>	<u>8,644,759</u>	<u>8,644,759</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>(679,236)</u>	<u>(969,985)</u>	<u>(969,985)</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sources	<u>488,000</u>	<u>1,109,181</u>	<u>1,109,181</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>488,000</u>	<u>1,109,181</u>	<u>1,109,181</u>	<u>0</u>
Net Change in Fund Balance	(191,236)	139,196	139,196	0
Fund Balance - Beginning	<u>778,952</u>	<u>3,782,811</u>	<u>3,422,811</u>	<u>0</u>
Fund Balance - Ending	<u>\$ 587,716</u>	<u>3,922,007</u>	<u>3,562,007</u>	<u>0</u>

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

WARREN COUNTY  
 Schedule of Funding Progress – Other Postemployment Benefits  
 September 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (b - a)	Percent Funded (a / b)	Annual Covered Payroll (ACR) (c)	Unfunded AAL as a Percentage of Annual Covered Payroll ((b-a) / c)
2010-2011	\$ 0	4,771,560	4,771,560	0%	\$ 7,214,289	66%
2011-2012	0	5,446,125	5,446,125	0%	7,214,289	76%
2012-2013	0	6,170,908	6,170,908	0%	7,214,289	86%
2013-2014	0	6,268,496	6,268,496	0%	7,001,256	90%
2014-2015	0	7,041,230	7,041,230	0%	7,001,256	101%

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

**WARREN COUNTY**

**Schedule of the County's Proportionate Share of the Net Pension Liability**

**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)	0.148%	0.148%
County's proportionate share of the net pension liability (asset)	\$ 22,877,881	17,964,490
County's covered-employee payroll	\$ 9,278,470	8,944,686
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	246.57%	200.84%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

**COMPONENT UNITS**

	<u>Parks and Recreation 2015</u>	<u>Parks and Recreation 2014</u>
Proportion of the net pension liability (asset)	0.0041%	0.0042%
Proportionate share of the net pension liability (asset)	\$ 633,779	509,803
Covered-employee payroll	\$ 260,730	253,276
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	243.08%	201.28%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

\* The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the fiscal year presented. This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

**WARREN COUNTY**  
**Schedule of County Contributions**  
**Last 10 Fiscal Years\***  
**For the Year Ended September 30,2015**

	<u>2015</u>
Contractually required contribution	\$ 1,461,359
Contributions in relation to the contractually required contribution	<u>1,461,359</u>
Contribution deficiency (excess)	\$ <u>-</u>
County's covered-employee payroll	\$ 9,278,470
Contributions as a percentage of covered-employee payroll	15.75%

**COMPONENT UNITS**

	<u>Parks and Recreation 2015</u>
Contractually required contribution	\$ 41,065
Contributions in relation to the contractually required contribution	<u>41,065</u>
Contribution deficiency (excess)	\$ <u>-</u>
Covered-employee payroll	\$ 260,730
Contributions as a percentage of covered-employee payroll	15.75%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement No. 68 was implemented for the fiscal year ended September 30, 2015, and, until, a full 10 year trend is compiled, the County has only presented information for the years in which information is available.

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

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**September 30, 2015**

**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, Tax Assessor, and Tax Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

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

**B. Basis of Presentation.**

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

**C. Budget/GAAP Reconciliation.**

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

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

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major Special Revenue Fund:

	<u>General Fund</u>	<u>Road Fund</u>
Budget (Cash basis)	\$ 945,985	139,196
Increase (Decrease)		
Net adjustments for revenue accruals	6,941	3,147
Net adjustments for expenditure accruals	152,434	10,468
GAAP Basis	\$ 1,105,360	152,811

**WARREN COUNTY, MISSISSIPPI**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**September 30, 2015**

**Pension Schedules**

**A. Changes in Benefit Terms.**

None.

**B. 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.

**WARREN COUNTY**

**SUPPLEMENTARY INFORMATION**

WARREN COUNTY  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended September 30, 2015

Federal Grantor/ Pass - through Grantor Program Title	Federal CFDA Number	Agency or Pass - through Number	Federal Expenditures
U.S. Department of Housing and Urban Development Passed-through the Mississippi Development Authority Community Development Block Grant - State's Program	14.228	* 1129-12-075-PF-01	\$ <u>1,692,119</u>
Total U.S. Department of Housing and Urban Development			<u>1,692,119</u>
U.S. Department of Justice Passed-through the Mississippi Department of Public Safety Crime Victim Assistance	16.575	12VA1751	<u>31,067</u>
Total U.S. Department of Justice			<u>31,067</u>
U.S. Election Assistance Commission Passed-through the Mississippi Department of Transportation Help America Vote Act Grant	90.401	N/A	<u>32,140</u>
Total U.S. Election Assistance Commission			<u>32,140</u>
Total Expenditures of Federal Awards			<u>\$ 1,755,326</u>

**Note A - Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

\* Denotes major federal award program

**WARREN COUNTY**

**OTHER INFORMATION**

WARREN COUNTY  
 Schedule of Surety Bonds for County Officials  
 For the Year Ended September 30, 2015  
 "Unaudited"

Name	Position	Company	Amount
John Arnold	Supervisor District 1	Western Surety Company	\$ 100,000
William H. Banks, Jr.	Supervisor District 2	EMC Insurance Company	100,000
Charles Selmon	Supervisor District 3	Travelers Casualty & Surety Co.	100,000
William Lauderdale	Supervisor District 4	Travelers Casualty & Surety Co.	100,000
Richard George	Supervisor District 5	Travelers Casualty & Surety Co.	100,000
John C. Smith	County Administrator	Western Surety Company	100,000
Donna F. Hardy	Chancery Clerk	Western Surety Company	100,000
Janet H. Daigre	Circuit Clerk	Travelers Casualty & Surety Co.	100,000
Martin Pace	Sheriff	Travelers Casualty & Surety Co.	100,000
Antonia Flaggs-Jones	Tax Collector	Western Surety Company	100,000
Tonga Vinson	Purchase Clerk	Western Surety Company	75,000
Hazel D. Tubwell	Receiving Clerk	Travelers Casualty & Surety Co.	75,000
Dexter Jones	Inventory Control Clerk	EMC Insurance Company	75,000
William Poole	Road Manager	Travelers Casualty & Surety Co.	50,000
Angela Brown	Tax Assessor	Western Surety Company	50,000
Ben Lockett	Tax Assessor	Travelers Casualty & Surety Co.	50,000
Paula Benard	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Patricia Heggins	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Jeanne K. Baxley	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Cindy Alkhatib	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Jeane Braxton	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Beverly Steward	Assistant Receiving Clerk	Travelers Casualty & Surety Co.	50,000
Jeff Crevitt	Justice Court Judge	EMC Insurance Company	50,000
Edwin Woods	Justice Court Judge	Travelers Casualty & Surety Co.	50,000
James E. Jefferson, Jr.	Justice Court Judge	Western Surety Company	50,000
Carla Fields	Justice Court Clerk	Travelers Casualty & Surety Co.	50,000
Bridgett Satcher	Deputy Justice Court Clerk	Travelers Casualty & Surety Co.	50,000
Chrissy M. Young	Deputy Justice Court Clerk	Travelers Casualty & Surety Co.	50,000
Angela Chiplin	Deputy Justice Court Clerk	Travelers Casualty & Surety Co.	50,000
Andrea Wilson	Deputy Justice Court Clerk	Travelers Casualty & Surety Co.	50,000
John H. Heggins	Constable	Travelers Casualty & Surety Co.	50,000
Glenn McKay	Constable	Travelers Casualty & Surety Co.	50,000
Troy Kimble	Constable	Travelers Casualty & Surety Co.	50,000
John Ferguson	Port Commission	EMC Insurance Company	50,000

**WARREN COUNTY**

**SPECIAL REPORTS**



BRIDGERS & GOODMAN, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Corporation

DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA

MEMBERS OF  
MISSISSIPPI SOCIETY OF CPA'S  
AMERICAN INSTITUTE OF CPA'S

**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  
Warren County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Warren County, Mississippi (the County), 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 June 16, 2016.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Warren 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.

*Bridgers & Goodman, PLLC*

Bridgers & Goodman, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

June 16, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

**Members of the Board of Supervisors  
Warren County, Mississippi**

**Report on Compliance for the Major Federal Program**

We have audited Warren County, Mississippi's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Warren County, Mississippi's major federal program for the year ended September 30, 2015. Warren County Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for Warren County, Mississippi's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Warren County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Warren County, Mississippi's compliance.

### Opinion on the Major Federal Program

In our opinion, Warren County, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2015.

### Report on Internal Control Over Compliance

Management of Warren County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Warren County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

  
Bridgers & Goodman, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

June 16, 2016



DAVID I. BRIDGERS, JR., CPA  
L. KARL GOODMAN, CPA, MBA

MEMBERS OF  
MISSISSIPPI SOCIETY OF CPA'S  
AMERICAN INSTITUTE OF CPA'S

**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  
Warren County, Mississippi

We have examined Warren County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Section 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2015. The Board of Supervisors of Warren County, Mississippi is responsible for 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 Warren County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory 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, Warren 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 that examination.

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

*Bridgers & Goodman, PLLC*

Bridgers & Goodman, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

June 16, 2016

WARREN COUNTY

Schedule 1

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

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
5/5/15	(3) Motor graders	\$ 237,737 / \$ 98,227 Buyback	Puckett Machinery	\$ 231,500 / \$ 88,000 Buyback	Lowest bid did not meet specifications

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

Schedule 2

Our tests did not identify any emergency purchases.

WARREN COUNTY

Schedule 3

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

<u>Date</u>	<u>Item Purchased</u>	<u>Amount</u>	<u>Vendor</u>
1/20/2015	911 Viper Telephone System	\$ 144,441	AT&T
2/17/2015	MorphoTrust Fingerprint System Upgrade	14,643	MorphoTrust USA
2/17/2015	ADSI E911 Message Switch Software	22,000	ADSI
7/6/2015	ADSI Jail software	94,000	ADSI
	Total	<u>\$ 275,084</u>	



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AMERICAN INSTITUTE OF CPA'S

### LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Warren County, Mississippi

In planning and performing our audit of the financial statements of Warren County, Mississippi for the year ended September 30, 2015, we considered Warren 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 Warren 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 June 16, 2016, on the financial statements of Warren 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.

*Bridgers & Goodman, PLLC*

Bridgers & Goodman, PLLC  
Certified Public Accountants  
Vicksburg, Mississippi

June 16, 2016

**WARREN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**WARREN COUNTY**  
**Schedule of Findings and Questioned Costs**  
**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 deficiency identified?                           | None reported |
| 3. Noncompliance material to the financial statements?          | No            |

Federal Awards:

- |   |               |
|---|---------------|
| 4. Internal control over major federal programs:  |               |
| a. Material weaknesses identified?  | No            |
| b. Significant deficiency identified?   | None reported |
| 5. Type of auditor's report issued on compliance for major federal programs:  | Unmodified    |
| 6. Any audit finding(s) disclosed that are required to be reported in accordance with Section ____ .510(a) of OMB Circular A-133? | No            |
| 7. Identification of major federal programs:  |               |
| a. CFDA # 14.228, Community Development Block Grant   |               |
| 8. Dollar threshold used to distinguish between type A and type B programs:   | \$300,000     |
| 9. Auditee qualified as low-risk auditee?   | 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*.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.