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

BRIDGERS & GOODMAN, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
VICKSBURG, MISSISSIPPI

WASHINGTON COUNTY
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WASHINGTON COUNTY

FINANCIAL SECTION



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

Members of the Board of Supervisors
Washington County, Mississippi

We have audited the accompanying financial statements, of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Washington 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 did not audit the financial statements of Delta Regional Medical Center, the Washington County Library System and the Greenville Port Commission, components units, which represent 100 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned component units, is based solely on the reports of the other auditors. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. However, the financial statements of the Washington County Library System, component unit, audited by another auditor were not audited in accordance with *Government Auditing Standards*.

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.

Qualified Opinion

Basis for Qualified Opinions on Governmental and Business-Type Activities

As discussed in Note 10 to the financial statements, the county has not recorded a liability for other postemployment benefits in the governmental and business-type activities and, accordingly, has not recorded expense for the current period change in those liabilities. Accounting principles generally accepted in the United States of America require that other postemployment benefits attributable to employee services already rendered be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position and change the expenses of the governmental and business-type activities. The amount by which this departure would affect the liabilities, net position and expenses of the governmental and business-type activities is not reasonably determinable.

Qualified Opinions

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinions on Governmental and Business-Type Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental and business-type activities of Washington County, Mississippi, as of September 30, 2015, and the changes in the financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Washington 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, and Schedule of the County's Contributions, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical

context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

Washington County, Mississippi has omitted the Management's Discussion and Analysis and Funding Progress – Other Postemployment Benefits that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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

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 22, 2016, on our consideration of Washington County, Mississippi's internal control over financial reporting and 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 Washington County, Mississippi's internal control over financial reporting and compliance.

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

June 22, 2016

WASHINGTON COUNTY

FINANCIAL STATEMENTS

WASHINGTON COUNTY
Statement of Net Position
September 30, 2015

Exhibit 1

	Primary Government			Component Units			
	Governmental	Business-type	Total	Delta Regional	Washington	Greenville	Total
	Activities	Activities		Medical	County	Port	
			Center	Library System	Commission	Units	
ASSETS							
Cash	\$ 7,687,418		7,687,418	55,004,452	168,557	3,119,898	58,292,907
Investments		2,599,419	2,599,419				
Property tax receivable	17,625,318		17,625,318				
Fines receivable	529,092		529,092				
Intergovernmental receivables	384,983	284,592	669,575	16,744,372			16,744,372
Other receivables	39,515		39,515			210,643	210,643
Inventories and prepaid items		281,521	281,521	2,221,011			2,221,011
Capital lease receivable	2,250,314		2,250,314				
Internal balances	1,975,462	71,800	2,047,262				
Land and construction in progress	4,972,459	28,030	5,000,489	4,885,689			4,885,689
Other capital assets, net	59,378,820	15,220,719	74,599,539	34,649,860	177,707	7,362,556	42,190,123
Other assets				1,547,264			1,547,264
Total Assets	94,843,381	18,486,081	113,329,462	115,052,648	346,264	10,693,097	126,092,009
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	3,961,439	699,078	4,660,517	462,940	192,851	154,275	810,066
Total Deferred Outflows of Resources	3,961,439	699,078	4,660,517	462,940	192,851	154,275	810,066
LIABILITIES							
Claims payable	447,207	77,626	524,833	15,981,801	45,266	34,282	16,061,349
Claims and judgments payable	769,345		769,345				
Intergovernmental payables	561,819		561,819				
Accrued interest payable	62,172	195,472	257,644				
Unearned revenue	290		290				
Other payables	255,994		255,994				
Internal balances	71,800	1,843,777	1,915,577				
Long-term liabilities							
Net pension liability	22,599,637	3,988,171	26,587,808	9,005,450	1,097,520	1,236,643	11,339,613
Due within one year:							
Capital related debt	1,611,742	840,000	2,451,742	997,475			997,475
Non-capital debt	125,000		125,000				
Due in more than one year:							
Capital related debt	10,253,710	17,337,401	27,591,111	30,928,928			30,928,928
Non-capital debt	1,163,317	36,263	1,199,580			34,463	34,463
Total Liabilities	37,922,033	24,318,710	62,240,743	56,913,654	1,142,786	1,305,388	59,361,828
DEFERRED INFLOWS OF RESOURCES							
Property tax for future reporting period	17,625,318		17,625,318				
Unavailable revenue- interest on capital leases	153,921		153,921				
Deferred inflows related to pensions	16,254	2,868	19,122	55,759	27,435	33,215	116,409
Total Deferred Inflows of Resources	17,795,493	2,868	17,798,361	55,759	27,435	33,215	116,409
NET POSITION							
Net investment in capital assets	52,485,827	(2,928,652)	49,557,175	7,609,146	177,707	7,362,556	15,149,409
Restricted for:							
Expendable:							
Public safety	820,613		820,613				
Public works	2,040,683		2,040,683				
Health and welfare	194,999		194,999				
Culture and recreation	3,072,669		3,072,669				
Economic development	389,664		389,664				
Debt service	1,524,972		1,524,972	8,391,676			8,391,676
Unrestricted	(17,442,133)	(2,207,767)	(19,649,900)	42,545,353	(808,813)	2,146,213	43,882,753
Total Net Position	\$ 43,087,294	(5,136,419)	37,950,875	58,546,175	(631,106)	9,508,789	67,423,838

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

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

Exhibit 2

Functions/Programs	Net (Expense) Revenue and Changes in Net Position											
	Program Revenues			Primary Government			Component Units				Total Component Units	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Delta Regional Medical Center	Washington County Library System	Greenville Port Commission			
Primary government:												
Governmental activities:												
General government	\$ 12,380,731	1,114,624	1,279,386	(9,986,721)		(9,986,721)						
Public safety	5,466,315	703,552		(4,762,763)		(4,762,763)						
Public works	5,510,467		2,532,076	(1,787,263)		(1,787,263)						
Health and welfare	824,643			(601,574)		(601,574)						
Culture and recreation	482,699		62,415	(420,283)		(420,283)						
Conservation of natural resources	75,806			(75,806)		(75,806)						
Economic development and assistance	356,589			(356,589)		(356,589)						
Interest on long-term debt	417,970			(417,970)		(417,970)						
Pension expense	2,687,510			(2,687,510)		(2,687,510)						
Total Governmental Activities	28,202,730	1,818,176	2,755,999	(21,096,479)		(21,096,479)						
Business-type activities:												
Correctional facility	5,207,771	4,523,532		(684,239)		(684,239)						
Total Business-type Activities	5,207,771	4,523,532		(684,239)		(684,239)						
Total Primary Government	\$ 33,410,501	6,341,708	2,755,999	(21,096,479)		(21,096,479)						
Component Units:												
Delta Regional Medical Center	\$ 121,493,294	126,111,697	798,666				4,618,403	(86,293)			4,618,403	(86,293)
Washington County Library System	884,959											
Greenville Port Commission	1,658,751	711,670										
Total Component Units	\$ 124,037,004	126,823,367	798,666				4,618,403	(86,293)			(947,081)	3,585,029
General revenues:												
Property taxes			\$ 19,931,250			19,931,250						
Road & bridge privilege taxes			497,346			497,346						
Grants and contributions not restricted to specific programs			1,953,631			1,953,631	246,750			370,000	616,750	
Unrestricted interest income			129,389		34	129,423				6,551	6,551	
Unrestricted investment income			(3,976)			(3,976)				579,211	579,211	
Gain(Loss) on sale of assets			582,944			582,944				598,644	598,644	
Miscellaneous			23,090,584			23,090,584				975,195	1,801,156	
Total General Revenues			1,994,105			1,994,105	825,961			28,114	5,386,185	
Changes in Net Position												
Net Position - Beginning, as previously reported			58,500,672			58,500,672	61,463,380			335,258	10,497,605	72,296,243
Prior period adjustments			(17,407,483)			(17,407,483)	(8,361,569)			(880,071)	(1,016,950)	(10,258,590)
Net Position - Beginning, as restated			41,093,189			41,093,189	53,101,811			(544,813)	9,480,655	62,037,653
Net Position - Ending			43,087,294			43,087,294	58,546,175			(631,106)	9,508,769	67,423,838

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

WASHINGTON COUNTY
Balance Sheet – Governmental Funds
September 30, 2015

Exhibit 3

	Major Funds				Total Governmental Funds
	General Fund	Highway Maintenance Fund	Bridge & Culvert Fund	Other Governmental Funds	
ASSETS					
Cash	\$ 92,806	1,442,242	464,712	5,687,658	7,687,418
Property tax receivable	13,459,035	104,797	2,975,509	1,085,977	17,625,318
Fines receivable (net of allowance for uncollectibles of \$12,749,178)	529,092				529,092
Capital lease receivable	1,881,098			369,216	2,250,314
Intergovernmental receivables	322,567			62,416	384,983
Advances to other funds	967,853				967,853
Due from other funds	1,007,609	137,584	205,209	61,407	1,411,809
Other receivable	39,515				39,515
Total Assets	18,299,575	1,684,623	3,645,430	7,266,674	30,896,302
LIABILITIES					
Liabilities:					
Claims payable	281,061	54,135	29,870	82,141	447,207
Claims and judgments payable	769,345				769,345
intergovernmental payables	436,760	125,059			561,819
Due to other funds	476,000				476,000
Unearned revenue				290	290
Other payables	255,994				255,994
Total Liabilities	2,219,160	179,194	29,870	82,431	2,510,655
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	13,459,035	104,797	2,975,509	1,085,977	17,625,318
Unavailable revenue - fines	529,092				529,092
Unavailable revenue - capital leases	1,881,098			369,216	2,250,314
Total Deferred Inflows of Resources	15,869,225	104,797	2,975,509	1,455,193	20,404,724
FUND BALANCES					
Nonspendable:					
Advances	967,853				967,853
Restricted for:					
Public safety				820,613	820,613
Public Works		1,400,632	640,051		2,040,683
Health and welfare				194,999	194,999
Culture and recreation				3,072,669	3,072,669
Economic development and assistance				389,664	389,664
Debt service				1,587,144	1,587,144
Unassigned	(756,663)			(336,039)	(1,092,702)
Total Fund Balances	211,190	1,400,632	640,051	5,729,050	7,980,923
Total Liabilities, Deferred inflows of Resources and Fund Balances	\$ 18,299,575	1,684,623	3,645,430	7,266,674	30,896,302

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

WASHINGTON 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	\$ 7,980,923
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of	64,351,279
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	529,092
Long-term liabilities are not due and payable in the current-period and, therefore, are not reported in the funds.	(13,153,769)
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(22,599,637)
Capital leases are not available to pay for current period expenditures and, therefore, are deferred in the Funds.	2,096,393
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(62,172)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	3,961,439
Deferred inflows of resources related to pensions	(16,254)
Total Net Position - Governmental Activities	<u>\$ 43,087,294</u>

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

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

	Major Funds				Total Governmental Funds
	General Fund	Highway Maintenance Fund	Bridge & Culvert Fund	Other Governmental Funds	
REVENUES					
Property taxes	\$ 14,521,229	213,051	3,615,186	1,581,784	19,931,250
Road and bridge privilege taxes		497,346			497,346
Licenses, commissions and other revenue	893,456			17,071	910,527
Fines and forfeitures	252,268				252,268
Intergovernmental revenues	3,206,772	3,719,400	3,804	312,130	7,242,106
Charges for services	142,310			561,242	703,552
Interest income	122,588	416	4,164	2,221	129,389
Miscellaneous revenues	431,344			151,600	582,944
Total Revenues	<u>19,569,967</u>	<u>4,430,213</u>	<u>3,623,154</u>	<u>2,626,048</u>	<u>30,249,382</u>
EXPENDITURES					
Current:					
General government	12,187,220			599,986	12,787,206
Public safety	5,429,814			421,485	5,851,299
Public works	112,282	4,657,874	3,364,159	685,646	8,819,961
Health and welfare	750,524			93,972	844,496
Culture and recreation	517,727			182,835	700,562
Conservation of natural resources	92,753				92,753
Economic development and assistance	373,917				373,917
Debt service:					
Principal	916,241	149,602		893,612	1,959,455
Interest	138,410	10,950		283,436	432,796
Total Expenditures	<u>20,518,888</u>	<u>4,818,426</u>	<u>3,364,159</u>	<u>3,160,972</u>	<u>31,862,445</u>
Excess of Revenues over (under) Expenditures	<u>(948,921)</u>	<u>(388,213)</u>	<u>258,995</u>	<u>(534,924)</u>	<u>(1,613,063)</u>
OTHER FINANCING SOURCES (USES)					
Long-term capital debt issued		812,800		355,800	1,168,600
Lease principal payments	403,837				403,837
Proceeds from sale of capital assets		298,600			298,600
Total Other Financing Sources and Uses	<u>403,837</u>	<u>1,111,400</u>	<u>0</u>	<u>355,800</u>	<u>1,871,037</u>
Net Changes in Fund Balances	<u>(545,084)</u>	<u>723,187</u>	<u>258,995</u>	<u>(179,124)</u>	<u>257,974</u>
Fund Balances - Beginning	<u>756,274</u>	<u>677,445</u>	<u>381,056</u>	<u>5,908,174</u>	<u>7,722,949</u>
Fund Balances - Ending	<u>\$ 211,190</u>	<u>1,400,632</u>	<u>640,051</u>	<u>5,729,050</u>	<u>7,980,923</u>

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

WASHINGTON 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	\$ 257,974
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 \$4,533,417, exceeded depreciation of \$1,627,071 in the current period.	2,906,346
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net loss of \$3,976 and the proceeds from the sale of \$298,600 in the current period.	(302,576)
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.	(48,573)
Debt proceeds provide current financial resources to Government Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$1,959,455, was exceeded by debt proceeds of \$1,168,600.	790,855
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by a combination of the following items:	
Accrued interest payable	14,826
Compensated absences	24,721
Net amortization on bond premium and discount	1,336
In the Statement of Activities, only interest income from payments received on capital leases are reported, whereas in the governmental funds, both principal and interest payments received increase financial resources. Thus, the changes in net position differs from change in fund balances by the principal collections on the capital leases.	(403,837)
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 period	(2,687,510)
Recognition of contributions made for the current period	1,440,543
Change in Net Position of Governmental Activities	\$ 1,994,105
The notes to the financial statements are an integral part of this statement	

WASHINGTON COUNTY
Statement of Net Position – Proprietary Fund
September 30, 2015

Exhibit 5

	<u>Business-type Activities</u>
	<u>Enterprise Fund</u>
	<u>WCRCF</u>
ASSETS	
Current assets:	
Investments	\$ 2,599,419
Intergovernmental receivables	284,592
Due from other funds	71,800
Inventories	47,252
Total Current Assets	<u>3,003,063</u>
Noncurrent assets:	
Prepaid bond insurance	234,269
Land	28,030
Other capital assets, net	15,220,719
Total Noncurrent Assets	<u>15,483,018</u>
Total Assets	<u>18,486,081</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	699,078
Total Deferred Outflows of Resources	<u>699,078</u>
LIABILITIES	
Current liabilities:	
Claims payable	77,626
Accrued interest payable	195,472
Due to other funds	1,018,188
Advances from other funds	825,589
Capital debt:	
Other long-term liabilities	840,000
Total Current Liabilities	<u>2,956,875</u>
Noncurrent liabilities:	
Net pension liability	3,988,171
Capital related debt:	
Other long-term liabilities	17,337,401
Non-capital debt:	
Compensated absences payable	36,263
Total Non-Current Liabilities	<u>21,361,835</u>
Total Liabilities	<u>24,318,710</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	2,868
Total Deferred Inflows of Resources	<u>2,868</u>
NET POSITION	
Net investment in capital assets	(2,928,652)
Unrestricted	(2,207,767)
Total Net Position	<u>\$ (5,136,419)</u>

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

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

Exhibit 6

	Business-type Activities
	<u>Enterprise Fund</u>
	<u>WCRCF</u>
Operating Revenues	
Charges for services	\$ 4,523,532
Total Operating Revenues	<u>4,523,532</u>
Operating Expenses	
Personal services	2,095,752
Pension expense	474,266
Contractual services	478,888
Materials and supplies	720,694
Indirect cost allocation	12,164
Depreciation expense	622,725
Total Operating Expenses	<u>4,404,489</u>
Operating Income (Loss)	<u>119,043</u>
Non-operating Revenues (Expense)	
Interest income	34
Interest expense	(803,282)
Other income (expense)	23,372
Net Non-Operating Revenues (Expense)	<u>(779,876)</u>
Change in Net Position	<u>(660,833)</u>
Net Position - Beginning, as previously reported	(1,403,677)
Prior period adjustment	<u>(3,071,909)</u>
Net Position - Beginning, as restated	<u>(4,475,586)</u>
Net Position - Ending	<u>\$ (5,136,419)</u>

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

WASHINGTON COUNTY
Statement of Cash Flows – Proprietary Fund
For the Year Ended September 30, 2015

Exhibit 7

	<u>Business-type Activities</u>
	<u>Enterprise Fund</u>
	<u>WCRCF</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 4,573,867
Payments to employees	(2,351,657)
Payments to suppliers	(1,282,250)
Net Cash Provided (Used) by Operating Activities	<u>939,960</u>
Cash Flows From Non-Capital Financing Activities	
Loans from other funds	978,646
Other receipts	47,300
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>1,025,946</u>
Cash Flows From Capital and Related Financing Activities	
Accretion of bond discount	9,054
Principal paid on debt	(815,000)
Interest paid on debt	(810,413)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,616,359)</u>
Cash Flows From Investing Activities	
Interest on investments	34
Purchase of investment securities	(349,581)
Net Cash Provided (Used) by Investing Activities	<u>(349,547)</u>
Net Increase or Decrease in Cash and Cash Equivalents	<u>0</u>
Cash and Cash Equivalents at Beginning of Year	<u>0</u>
Cash and Cash Equivalents at End of Year	<u>\$ 0</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 119,043
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	622,725
Indirect cost allocation	12,164
Pension expense in excess of contributions	220,053
Changes in assets and liabilities:	
(Increase) decrease in intergovernmental receivables	34,885
(Increase) decrease in interfund receivables	15,450
(Increase) decrease in prepaid bond insurance	14,875
Increase (decrease) in interest payable	(7,131)
Increase (decrease) in claims payable	(87,667)
Increase (decrease) in compensated absences liability	(4,437)
Total Adjustments	<u>820,917</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 939,960</u>

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

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

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 511,713
Due from other funds	10,579
Other receivables	<u>142,264</u>
Total Assets	<u><u>664,556</u></u>
LIABILITIES	
Intergovernmental payables	133,022
Advances from other funds	142,264
Other payables	<u>389,270</u>
Total Liabilities	<u><u>\$ 664,556</u></u>

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

A. Financial Reporting Entity – Washington 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 Washington County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

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

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

B. Individual Component Unit Disclosures.

Discretely Presented Component Unit – The component units' columns in the financial statements include the financial data of the following component units of the County. They are reported in a separate column to emphasize that they are legally separate from the County.

Delta Regional Medical Center provides inpatient, outpatient and emergency care for residents of Washington County, Mississippi and surrounding areas. The facility is governed by a Board of Trustees appointed by the Board of Supervisors of Washington County, Mississippi.

Washington County Library System serves the residents of Washington County with locations in Greenville, Leland, Hollandale, Arcola, Glen Allen and Avon, Mississippi. The System is governed by a five-member Board of Trustees, which are appointed by the Board of Supervisors of Washington County, Mississippi.

Greenville Port Commission was established pursuant to Section 59-7-125 of the Mississippi Code Ann. (1972) and was organized to supervise and operate terminal and dockside activities. The Commission is governed by a five-member Board of Commissioners, two of which are appointed by the Washington County Board of Supervisors.

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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. 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.

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.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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.

Highway Maintenance Fund – This fund is used to account for monies from specific revenue sources that are restricted for highway maintenance.

Bridge and Culvert Fund – This fund is used to account for monies from specific revenue sources that are restricted for repairs and road maintenance.

The County reports the following major Enterprise Fund:

Washington County Regional Correctional Facility (WCRCF) – This fund is used to account for the County's activities of operating the correctional facility.

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.

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.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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, 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.

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." Noncurrent portions of interfund receivables and payables are reported as "advances to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund, if applicable, to indicate that they are not available for appropriation and are not expendable available financial resources. However, this is not applicable to advances reported in other governmental funds, which are reported, by definition, as restricted. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

I. Inventories and Prepaid Items - Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in/first-out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items, such as prepaid insurance, are not reported for Governmental Fund Types since the costs of such items are accounted for as expenditures in the period of acquisition.

J. 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 extents to which capital assets 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.

WASHINGTON COUNTY
NOTES TO THE 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
Infrastructure	0	20 to 50 years
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
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.

K. 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 of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) 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 – capital leases – When an asset is recorded in the governmental fund financial statements but the revenue is not available, the government should report a deferred inflow of resources until such time as the revenue becomes available.

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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

L. Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, 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 benefit terms. Investments are reported at fair value.

M. 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 governmental activities, business-type activities or Proprietary Funds Statement of Net Position.

N. 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 any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

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

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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

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

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

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

Fund Balance Flow Assumption – When an expenditure is incurred for purposes for which both restricted and unrestricted (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.

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

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

P. 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.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Q. 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.

R. 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 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 – and 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 & 71:	
Net position liability (measurement date)	\$ (17,746,003)
Deferred outflows of resources- contributions	<u>338,520</u>
Total prior period adjustments	<u>\$ (17,407,483)</u>

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

<u>Explanation</u>	<u>Amount</u>
Implementation of GASB 68 & 71:	
Net pension liability (measurement date)	\$ (3,131,648)
Deferred outflows of resources- contributions	<u>59,739</u>
Total prior period adjustments	<u>\$ (3,071,909)</u>

NOTE 3 - DEPOSITS AND INVESTMENTS.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2015, was \$8,199,131 and the bank balance was \$8,470,624. The collateral for public entities' deposits in financial institutions are 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).

WASHINGTON COUNTY
NOTES TO THE 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.

Investments:

As provided in Section 91-13-8, Miss. Code Ann. (1972), the following investments of the County are handled through a trust indenture between the County and the trustee related to the operations of the Washington County Regional Correctional Facility.

Investment balances at September 30, 2015, are as follows:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. Treasury	Less than one year	\$ 2,599,419	N/A

Interest Rate Risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972) limits the maturity period of any investment to no more than one year.

Credit Risk. State law limits investments to those authorized by Sections 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The County does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk – Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk.

NOTE 4 - INTER-FUND TRANSACTIONS AND BALANCES.

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

A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Enterprise Fund	\$ 1,007,609
Highway Maintenance Fund	General Fund	137,584
Bridge and Culvert Fund	General Fund	205,209
Other Governmental Funds	General Fund	61,407
Enterprise Fund	General Fund	71,800
Agency	Enterprise Fund	10,579
Total		<u>\$ 1,494,188</u>

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Receivables between the general and agency funds and enterprise fund are due to prisoner housing (71,800), operating cash (1,007,609) and amounts due to the inmate welfare fund (10,579). All other receivables represent the tax revenue collected but not settled until October 2015. All inter-fund balances are expected to be repaid within one year from the date of the financial statements.

8. Advances from/to Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Enterprise Fund	\$ 825,589
General Fund	Agency	<u>142,264</u>
Total		<u>\$ 967,853</u>

The General Fund receivable of \$142,264 is the amount owed in settlement of a prior years' theft. This amount has not been paid in several years. The advance of \$825,589 is an indirect cost allocation (\$65,204) and operating cash (\$760,385) made in prior years that have not been paid.

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES.

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

Governmental Activities:

Description	Amount
State Legislative Tax Credit	\$ 214,054
City of Leland	72,000
Warfield Point Park Trail	62,416
VOCA/VAWA	<u>36,513</u>
Total Governmental Activities	<u>\$ 384,983</u>

Business-type Activities:

Description	Amount
MS Department of Corrections and the City of Greenville	<u>\$ 284,592</u>

NOTE 6 - OTHER RECEIVABLE.

The other receivable represents amounts due from the tax collector \$39,515.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 7 - CAPITAL ASSETS.

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

Governmental activities:	Balance				Balance
	Oct. 1, 2014	Additions	Deletions	Adjustments	Sept. 30, 2015
Non-depreciable capital assets:					
Land	\$ 4,704,445				4,704,445
Construction in progress	3,067,243	397,461		(3,196,690)	268,014
Total non-depreciable capital assets	<u>7,771,688</u>	<u>397,461</u>	<u>0</u>	<u>(3,196,690)</u>	<u>4,972,459</u>
Depreciable capital assets:					
Infrastructure	116,643,212	2,828,452			119,471,664
Buildings	17,779,334			3,196,690	20,976,024
Improvements other than buildings	825,921				825,921
Mobile equipment	8,653,739	1,024,002	1,224,391		8,453,350
Furniture and equipment	4,176,367	33,702			4,210,069
Leased property under capital leases	1,905,250	249,800			2,155,050
Total depreciable capital assets	<u>149,983,823</u>	<u>4,135,956</u>	<u>1,224,391</u>	<u>3,196,690</u>	<u>156,092,078</u>
Less accumulated depreciation for:					
Infrastructure	77,926,387	419,751			78,346,138
Buildings	7,688,632	333,219			8,021,851
Improvements other than buildings	99,114	33,038			132,152
Mobile equipment	6,648,338	579,005	921,815		6,305,528
Furniture and equipment	3,370,369	40,217			3,410,586
Leased property under capital leases	275,162	221,841			497,003
Total accumulated depreciation	<u>96,008,002</u>	<u>1,627,071</u>	<u>921,815</u>	<u>0</u>	<u>96,713,258</u>
Total depreciable capital assets, net	<u>53,975,821</u>	<u>2,508,885</u>	<u>302,576</u>	<u>3,196,690</u>	<u>59,378,820</u>
Governmental activities capital assets, net	<u>\$ 61,747,509</u>	<u>2,906,346</u>	<u>302,576</u>	<u>0</u>	<u>64,351,279</u>
Business-type activities:					
Non-depreciable capital assets:					
Land	\$ 28,030				28,030
Total non-depreciable capital assets	<u>28,030</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>28,030</u>
Depreciable capital assets:					
Buildings	15,181,373				15,181,373
Improvements other than buildings	113,001				113,001
Furniture and equipment	2,455,771				2,455,771
Total depreciable capital assets	<u>17,750,145</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,750,145</u>
Less accumulated depreciation for:					
Buildings	910,884	303,628			1,214,512
Improvements other than buildings	13,566	4,522			18,088
Furniture and equipment	982,251	314,575			1,296,826
Total accumulated depreciation	<u>1,906,701</u>	<u>622,725</u>	<u>0</u>	<u>0</u>	<u>2,529,426</u>
Total depreciable capital assets, net	<u>15,843,444</u>	<u>(622,725)</u>	<u>0</u>	<u>0</u>	<u>15,220,719</u>
Business-type activities capital assets, net	<u>\$ 15,871,474</u>	<u>(622,725)</u>	<u>0</u>	<u>0</u>	<u>15,248,749</u>

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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Depreciation expense was charged to the following functions:

Governmental Activities:	<u>Amount</u>
General government	\$ 509,112
Public safety	217,226
Public works	886,460
Culture and recreation	14,273
Total governmental activities depreciation expense	<u>\$ 1,627,071</u>
Business-type Activities:	
Public safety	<u>\$ 622,725</u>

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

<u>Description of Commitment</u>	<u>Remaining Financial Commitment</u>	<u>Expected Date of Completion</u>
Governmental activities:		
Sportsplex Recreational Park	\$ 2,781,559	10-2016

Capital Assets - Component Units

	<u>Balance Oct. 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance Sept. 30, 2015</u>
Delta Regional Medical Center					
Non-depreciable capital assets:					
Land	\$ 3,531,832				3,531,832
Land under capital lease	1,145,500				1,145,500
Construction in progress	8,847,825	138,361	8,777,829		208,357
Total non-depreciated capital assets	<u>13,525,157</u>	<u>138,361</u>	<u>8,777,829</u>	<u>0</u>	<u>4,885,689</u>
Depreciable capital assets:					
Land improvements	860,754				860,754
Buildings	42,568,555	43,688	154,500		42,457,743
Fixed equipment	12,077,437	7,277,829			19,355,266
Equipment	51,842,147	3,378,857			55,221,004
Total depreciable capital assets	<u>107,348,893</u>	<u>10,700,374</u>	<u>154,500</u>	<u>0</u>	<u>117,894,767</u>
Less accumulated depreciation for:					
Land improvements	666,201	25,412			691,613
Buildings	23,259,551	1,629,977	74,675		24,814,853
Fixed equipment	10,398,364	293,473			10,691,837
Equipment	44,753,846	2,292,758			47,046,604
Total accumulated depreciation	<u>79,077,962</u>	<u>4,241,620</u>	<u>74,675</u>	<u>0</u>	<u>83,244,907</u>
Total depreciable capital assets, net	<u>28,270,931</u>	<u>6,458,754</u>	<u>79,825</u>	<u>0</u>	<u>34,649,860</u>
Total capital assets, net	<u>\$ 41,796,088</u>	<u>6,597,115</u>	<u>8,857,654</u>	<u>0</u>	<u>39,535,549</u>

Washington County Library System

Depreciable capital assets:					
Building improvements	\$ 251,012				251,012
Autos and trucks	35,116				35,116
Automation costs	114,385				114,385
Furniture and fixtures	534,034	8,400			542,434
Total depreciable capital assets	<u>934,547</u>	<u>8,400</u>	<u>0</u>	<u>0</u>	<u>942,947</u>
Less: accumulated depreciation	<u>(735,331)</u>	<u>(29,909)</u>	<u>0</u>	<u>0</u>	<u>(765,240)</u>
Total capital assets, net	<u>\$ 199,216</u>	<u>(21,509)</u>	<u>0</u>	<u>0</u>	<u>177,707</u>

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

	Balance				Balance
	Oct. 1, 2014	Additions	Deletions	Adjustments	Sept. 30, 2015
Greenville Port Commission					
Depreciable capital assets:					
Building facilities	\$ 823,460				823,460
Improvements other than buildings	1,526,852	412,334			1,939,186
Machinery and equipment	10,223,315	20,489	923,854		9,319,950
Office furniture and fixtures	67,918		18,910		49,008
Total depreciable capital assets	<u>12,641,545</u>	<u>432,823</u>	<u>942,764</u>	<u>0</u>	<u>12,131,604</u>
Less accumulated depreciation for:					
Building facilities	136,541	22,178			158,719
Improvements other than buildings	583,780	100,075			683,855
Machinery and equipment	4,361,706	441,534	917,161		3,886,079
Office furniture and fixtures	51,236	8,069	18,910		40,395
Total accumulated depreciation	<u>5,133,263</u>	<u>571,856</u>	<u>936,071</u>	<u>0</u>	<u>4,769,048</u>
Total depreciable capital assets, net	<u>7,508,282</u>	<u>(139,033)</u>	<u>6,693</u>	<u>0</u>	<u>7,362,556</u>
Total capital assets, net	<u>\$ 7,508,282</u>	<u>(139,033)</u>	<u>6,693</u>	<u>0</u>	<u>7,362,556</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 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. The coverage is purchased from an outside commercial carrier. For the current fiscal year, the specific coverage begins when an individual participant's claim exceeds \$55,000. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the 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	\$ 438,483	546,652
Plus: Incurred Claims (Including IBNRs)	4,151,194	6,693,947
Less: Claims payments	4,043,025	6,471,254
Unpaid Claims, End of Fiscal Year	<u>\$ 546,652</u>	<u>769,345</u>

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 9 - CAPITAL LEASES.

As Lessor:

The County leases the following property with varying terms and options as of September 30, 2015:

Class of Property	Amount
Buildings:	
MARS - Warehouse	\$ 1,769,005
Brocato	327,388
Total	\$ 2,096,393

The future minimum lease receivable and the present value of the net minimum lease receivable as of September 30, 2015, are as follows:

Year Ended September 30,	Principal	Interest
2016	\$ 522,480	71,508
2017	455,316	38,887
2018	468,894	25,309
2019	482,878	11,325
2020	55,209	2,592
2021-2023	111,616	4,300
Total	\$ 2,096,393	153,921

As Lessee:

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

Classes of Property	Governmental Activities
Mobile equipment	\$ 976,060
Computer equipment	149,990
Siemens energy project	1,029,000
Total	2,155,050
Less: Accumulated depreciation	497,003
Leased Property Under Capital Leases	\$ 1,658,047

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

Year Ended September 30,	Governmental Activities	
	Principal	Interest
2016	\$ 266,012	37,495
2017	253,585	31,652
2018	240,451	26,245
2019	223,284	20,931
2020	99,242	17,142
2021-2025	395,112	55,354
2026-2028	217,449	7,789
Total	\$ 1,695,135	196,608

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS.

The Washington County Board of Supervisors administers the County's health insurance plan which is authorized by Section 25-15-101 et seq., Mississippi Code Ann. (1972). The County's health insurance plan may be amended by the Washington County Board of Supervisors. The County finances its exposure to risk of loss relating to employee health and accident coverage through the Mississippi Public Employee Benefit Trust, a public entity risk pool. The pool is a claims-servicing organization with the County retaining the risk of loss on all claims to which the County is exposed. The County has reinsurance which functions on a specific stop loss coverage of \$55,000. After which, the County purchases health insurance coverage from a commercial insurance company and offers health insurance benefit coverage through the County's health insurance plan (the Plan). 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 care plan. However, the County has not recorded a liability for other postemployment benefits nor has the County reported the note disclosures which are required by accounting principles generally accepted in the United States of America.

NOTE 11 - DEFINED BENEFIT PENSION PLAN.

General Information about the Pension Plan

Plan Description. Washington 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.

Benefit Provided. Membership in PERS is a condition of employment granted upon hiring for qualified 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 Membership, 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 granted to those who qualify upon hiring. Participating members who are vested and retire at or after age of 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 January 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of the average compensation for each year of creditable service up to and including 30 years (25 years for those became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service for 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

the retired member reaches age 65 (55 for those who became members 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 are required to contribute 9% of their annual covered salary, and the County is required to contribute 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 \$1,694,754, \$1,631,355 and \$1,524,409, 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 County reported a liability of \$26,587,808 for its proportionate share of the net pension liability. The net pension liability was measured at 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 participating entities, actuarially determined. At June 30, 2015, the County's proportion was 0.172 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 \$3,161,776. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 409,173	
Net difference between projected and actual earnings on pension plan investments	1,555,671	
Changes of assumptions	2,290,449	
Changes in the proportion and differences between actual contributions and proportionate share of contributions		19,122
Contributions subsequent to the measurement date	<u>405,224</u>	
	<u>\$ 4,660,517</u>	<u>19,122</u>

\$405,224 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	\$ 1,374,395
2017	1,374,395
2018	1,098,462
2019	<u>388,919</u>
Total	<u>\$ 4,236,171</u>

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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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

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, with male 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 weighing 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 rate 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 of (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 (9.75 percent) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Net pension liability	\$ 35,045,167	26,587,808	19,569,782

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

WASHINGTON COUNTY COMPONENT UNITS

Washington County Library

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

Contributions. The System's contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$68,685, \$72,558, and \$63,235, 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 System reported a liability of \$1,097,520 for its proportionate share of the net pension liability. At June 30, 2015, the System's proportion was 0.0071 percent, which was a decrease of 0.0003 percent from its proportion measured as of June 30, 2014.

For the year ended September 30, 2015, the System recognized pension expense of \$120,719. At September 30, 2015, the System 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	\$ 16,890	
Net difference between projected and actual earnings on pension plan investments	64,217	
Changes of assumptions	94,547	
Changes in the proportion and differences between actual contributions and proportionate share of contributions		27,435
Contributions subsequent to the measurement date	17,197	
	<u>\$ 192,851</u>	<u>27,435</u>

\$17,197 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	\$ 46,937
2017	46,937
2018	38,290
2019	16,055
Total	<u>\$ 148,219</u>

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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Sensitivity to the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Library's proportionate share of the net pension liability	\$ 1,446,632	1,097,520	807,822

Greenville Port Commission

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

Contributions. The Port Commission contributions (employer share only) to PERS for the years ending September 30, 2015, 2014 and 2013 were \$79,665, \$78,532 and \$76,315 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 Port Commission reported a liability of \$1,236,643 for its proportionate share of the net pension liability. At June 30, 2015, the Port's proportion was 0.008 percent.

For the year ended September 30, 2015, the Port Commission recognized pension expense of \$117,645. At September 30, 2015, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,730	
Net difference between projected and actual earnings on pension plan investments		33,215
Changes of assumptions	106,533	
Changes in the proportion and differences between actual contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	19,012	
	\$ 154,275	33,215

\$19,012 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:

Year ending September 30:	Amount
2016	\$ 34,511
2017	33,312
2018	16,134
2019	18,091
Total	\$ 102,048

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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Sensitivity to the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Port Commission's proportionate share of the net pension liability	\$ 1,630,008	1,236,643	910,222

Delta Regional Medical Center

The Medical Center pension plan (the "Plan") is a single-employer noncontributory defined benefit pension plan covering all covered employees as defined by the Plan. The Medical Center elected to freeze the Plan to new entrants as of June 30, 2009. Information about the plan follows:

Plan Description. The Plan is a single-employer noncontributory defined benefit retirement pension plan, administered by the Director of the Medical Center's Department of Human Resources. The Plan provides retirement, disability and death benefits to Plan members and beneficiaries. Benefit provisions are established by the Hospital's Board of Trustees. The Plan issues a financial report, available for all participants, that includes financial statements and required supplementary information. That information may be obtained by writing to Chief Financial Officer, Delta Regional Medical Center, 1400 East Union Street, Greenville, Mississippi 38704.

Benefits Provided. For the Plan participating members who are vested and retire at or after age 65 or those who retire at age 55 with at least 5 years of creditable service are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 1.10 percent of their average monthly earnings. Average compensation is the average of the employee's earnings for the highest 60 consecutive calendar months preceding retirement or termination, limited as required by internal revenue code section 401(a)(17). A member may elect a reduced retirement benefit at age 55 with at least 5 years of consecutive service. Benefits vest upon completion of 5 years of continuous service. The Plan also provides certain death and disability benefits.

Prior to the adoption of the Provisions of GASB Statement No. 68 in 2015, contributions to the pension plans were actuarially determined and approximated annual pension expense.

Summary of Participant Data

Data as of July 1, 2014:

Inactive employees or beneficiaries currently receiving benefits	223
Inactive employees entitled to but not yet receiving benefits	489
Active Employees	434
Total	1,146

Funding Policy. Although a formal funding policy has not been established, the Medical Center contributes amounts necessary to fund the Plan at an actuarially determined rate. The current actuarially required minimum rate is 3.5 percent of annual covered payroll.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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Long-term Expected Rate of Return

Asset Class	Index	Target Allocation	Long-term Expected Arithmetic Real Rate of Return
Cash	Citigroup 90-Day T- Bills	5.00 %	0.50 %
Core Fixed Income	Barclays Aggregate	50.00	2.20
Core Bonds	Barclays Gov/ Cred	0.00	1.87
Short-term Bonds	Citigroup 1-3 Year Gov/ Cred	0.00	1.05
Intermediate-term Bonds	Barclays Intermediate Gov/ Cred	0.00	1.62
Long-term Bonds	Barclays Long Gov/ Cred	0.00	2.99
Mortgages	Barclays Mortgage	0.00	2.85
High Yield Bonds	Barclays High Yield	0.00	4.49
Non- US Fixed Income	JPM GBI Global ex-US	0.00	1.32
Inflation-Indexed Bonds	ML Index	0.00	0.96
Broad US Equities	Wilshire 5000/ Russell 3000	38.00	6.12
Large Cap US Equities	S&P 500	0.00	5.86
Mid Cap US Equities	Russell Mid Caps	0.00	6.63
Small Cap US Equities	Russell 2000	0.00	7.64
Developed Foreign Equities	MSCI EAFE	7.00	6.29
Emerging Market Funds	MSCI Emerging Markets	0.00	8.94
Private Equity	Cambridge Associates	0.00	9.15
Hedge Funds/ Absolute Return	HFRI Fund of Funds	0.00	3.37
Real Estate (Property)	NCREIF/ TBI Property	0.00	3.00
Real Estate (REITS)	FTSE NAREIT Equity REIT	0.00	5.59
Commodities	DJ UBS	0.00	4.57
Long Credit Bonds	Barclays Long Credit	0.00	3.74
Long-term Expected Rate of Return			6.50

Discount Rate. The discount rate used to measure the total pension liability was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the current contribution rate and that contributions from the Medical Center will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to always be sufficient to cover benefit payments and administrative expense. 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.

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

Net investment yield	6.50 percent
Inflation	3.00 percent
Salary increases including inflation	5.00 percent

Mortality rates were based on the RP-2000 Mortality Table projected with Scale AA to 2015.

The Plan has not had a formal actuarial experience study preformed.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 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 rate of return (expected returns, net of pension plan investment expense and 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

Net Pension Liability. The total net pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. There have been no significant changes between the valuation date and fiscal year end. Any significant changes during this period must be reflected as prescribed by GASB 67 and GASB 68.

Changes in Net Pension Liability

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balance as of June 30, 2014	\$ 23,900,615	15,598,834	8,301,781
Changes for the year:			
Service Cost	490,706	-	490,706
Interest on total pension liability	1,547,795	-	1,547,795
Effect on plan changes	-	-	-
Effect on economic/demographic gains or losses	(95,165)	-	(95,165)
Effect on assumptions, changes or inputs	-	-	-
Benefit payments	(983,322)	(983,322)	-
Employer contributions	-	838,590	(838,590)
Member contributions	-	-	-
Net investment income	-	429,704	(429,704)
Administrative expenses	-	(28,627)	28,627
Balance as of June 30, 2015	<u>\$ 24,860,629</u>	<u>15,855,179</u>	<u>9,005,450</u>

Sensitivity Analysis. The following presents the net position liability of the Medical Center, calculated using the discount rate of 6.50 percent, as well as what the Medical Center's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50 percent) or 1 percentage point higher (7.50%) than the current rate.

	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Net pension liability	\$ 11,881,133	9,005,450	6,577,051

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended September 30, 2015, the Medical Center recognized pension expense of \$1,135,078. At September 30, 2015, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	55,759
Net difference between projected and actual earnings on pension plan investments	<u>462,940</u>	<u>55,759</u>
	<u>\$ 462,940</u>	<u>55,759</u>

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Amounts currently 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	\$ 76,329
2017	99,382
2018	115,735
2019	<u>115,735</u>
Total	<u>\$ 407,181</u>

Amortization Period. Investment gains or losses are amortized over 5 years. Changes in actuarial assumptions and experience gains or losses are amortized over the average working lifetime of all participants, which for the current period is 2.4 years.

NOTE 12 - LONG TERM DEBT.

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

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
GO Industrial Development Refunding Bonds, Series 2011	\$ 695,000	1.50/3.75	05-19
GO Road and Bridge Refunding Bonds, Series 2011	950,000	2.0/3.0	07-22
GO Bonds, Series 2011	2,545,000	2.5/3.5	12-26
GO Recreational Facilities Bonds, Series 2013	<u>2,805,000</u>	3.625	09-28
Total General Obligation Bonds	<u>\$ 6,995,000</u>		
B. Capital Leases:			
1 1500 Dodge Ram	\$ 15,455	2.29	05-19
1 1500 Dodge Ram	16,235	2.12	05-19
1 CAT Track tractor	4,996	3.50	11-15
3 1500 Dodge Rams	32,472	2.12	01-14
2 Traverse Vehicles (BOS)	41,850	2.12	01-19
IBM Computer 8202/E4C	49,382	2.31	04-17
15 Sheriff Vehicles	348,808	2.07	08-19
SunTrust energy savings project	959,993	2.03	03-20
2015 Excavator	<u>225,944</u>	2.58	03-28
Total Capital Leases	<u>\$ 1,695,135</u>		
C. Other Loans:			
Port Fund - (CAP Loan)	\$ 105,943	5.18	09-17
U S Corp of Engineers Note	123,000	2.43	04-18
Negotiable Note, Series 2012	624,000	1.55	06-17
Warehouse Project - (CAP Loan)	2,493,817	3.00	05-22
2 Dump Trucks	475,050	1.78	12-16
2 Garbage Trucks	<u>304,734</u>	2.07	12/19
Total Other Loans	<u>\$ 4,126,544</u>		
Business-type Activities:			
A. Limited Obligation Bonds:			
Mississippi Urban Renewal Revenue Bonds - Series 2009	\$ 18,320,000	3.00/4.75	09-31
Total Limited Obligation Bonds	<u>\$ 18,320,000</u>		

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

Pledge of Future Revenues – The County has pledged future revenues for housing inmates, net of specified operating expenses, to repay \$21,435,000 in limited obligation urban renewal revenue bonds issued in Washington County, Mississippi. Proceeds from the bonds provided financing for the construction of the Washington County Regional Correctional Facility. The bonds are not a general obligation of the County and, therefore, are not secured by the full faith and credit of the County. The bonds are payable solely from income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners and are payable through Trustmark National Bank. Annual principal and interest payments on the bonds are expected to require less than 37 percent of net revenues. The total principal and interest to be paid on the bonds is \$25,971,805. Principal and interest paid for the current year and total inmate housing revenues were \$1,625,413 and \$4,523,532 respectfully.

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

Year Ending	Governmental Activities:				Business-type Activities:	
	General Obligation Bonds		Other Loans		Limited Obligation Bonds	
September 30:	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 565,000	218,775	945,730	100,231	840,000	781,888
2017	580,000	203,606	1,201,110	73,938	870,000	752,488
2018	600,000	187,544	546,179	51,523	900,000	722,038
2019	625,000	169,594	485,776	35,774	935,000	688,288
2020	460,000	149,969	439,945	22,177	970,000	653,225
2021-2025	2,125,000	542,681	507,804	9,573	5,475,000	2,640,578
2026-2030	2,040,000	165,231			6,780,000	1,339,675
2031					1,550,000	73,625
Total	\$ 6,995,000	1,637,400	4,126,544	293,216	18,320,000	7,651,805

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 3.09% of the latest property assessments.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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

	Balance 10/1/2014	Additions	Reductions	Adjustments	Balance 09/30/2015	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 351,945		24,721		327,224	
General obligation bonds	7,545,000		550,000		6,995,000	565,000
Less: Discount	(1,534)		(307)		(1,227)	
Add: Premiums	12,736		1,643		11,093	
Capital leases	1,706,366	249,800	261,031		1,695,135	226,012
Other loans	4,356,168	918,800	1,148,424		4,126,544	945,730
Total	<u>\$ 13,970,681</u>	<u>1,168,600</u>	<u>1,985,512</u>	<u>0</u>	<u>13,153,769</u>	<u>1,736,742</u>
Business-type Activities:						
Compensated absences	\$ 40,700		4,437		36,263	
Limited obligation bonds	19,135,000		815,000		18,320,000	840,000
Less: Discount	(151,652)		(9,053)		(142,599)	
Total	<u>\$ 19,024,048</u>	<u>0</u>	<u>810,384</u>	<u>0</u>	<u>18,213,664</u>	<u>840,000</u>

Compensated absences will be paid by the funds from which the employees' salaries were paid which are generally the General Fund, Co-Wide Road Maintenance Fund, Bridge and Culvert Fund and WCRCF Fund.

WASHINGTON COUNTY COMPONENT UNITS

Delta Regional Medical Center

A summary of long-term debt, including capital lease obligations at September 30, 2015 is as follows:

Description and Purpose	Amount Outstanding	Interest Rate	Maturity Date
FHA - Insured Mortgage Revenue Bonds, Series 2007	\$ 29,660,000	4.70/6.25	08-33
Capital lease obligation	1,031,402	7.00	07-30
	<u>30,691,402</u>		
Less current portion of long-term debt	(997,475)		
Plus unamortized bond premium	1,235,001		
Long-term debt, excluding current portion	<u>\$ 30,928,928</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,	Long - Term Debt		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2016	\$ 965,000	1,485,788	32,475	71,342
2017	1,015,000	1,436,913	34,823	68,995
2018	1,065,000	1,385,537	37,339	66,478
2019	1,125,000	1,331,537	40,038	63,779
2020	1,180,000	1,274,538	44,668	60,881
2021-2025	6,915,000	5,390,531	330,513	242,385
2026-2030	8,965,000	3,387,731	511,546	93,414
2031-2033	8,430,000	865,500	0	0
Total	<u>\$ 29,660,000</u>	<u>16,558,075</u>	<u>1,031,402</u>	<u>667,274</u>

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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

	Balance 10/1/2014	Additions	Reductions	Adjustments	Balance 9/30/2015	Amount due within one year
Bonds payable						
FHA-insured Revenue Bond	\$ 30,585,000		925,000		29,660,000	965,000
Capital lease obligations	1,056,692		25,290		1,031,402	32,475
Total	<u>\$ 31,641,692</u>	<u>0</u>	<u>950,290</u>	<u>0</u>	<u>30,691,402</u>	<u>997,475</u>

Greenville Port Commission

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

	Balance 10/1/2014	Additions	Reductions	Adjustments	Balance 9/30/2015
Compensated absences	\$ 28,030	6,433	0	0	34,463
Total	<u>\$ 28,030</u>	<u>6,433</u>	<u>0</u>	<u>0</u>	<u>34,463</u>

NOTE 13 - DEFICIT FUND BALANCES OF INDIVIDUAL FUNDS.

The following funds reported deficits in fund balances at September 30, 2015:

<u>Fund</u>	<u>Deficit Amount</u>
Waste tire grant fund	\$ 202,338
Circuit Drug Court FY2015 AOC Fund	249,713
WCSO Triad Organization	142,342
HUD Disaster Grant	114,382
ATV Trail Grant FY 14/15	76,028
\$3M G/O 2011 Cap Fds Bonds	58,281
Law enforcement terror grant fund	36,075
Youth Drug Court 13/14 Fund	34,661
Wash Co Yth Drug Crt 1/15-12/15	29,170
2012 Juvenile Acct Youth Court	25,021
Homeland Security	12,694
WSCO Cops Hiring Prog	10,698
MS Tobacco Fund	6,998
Taxable G/O Bond 2011	7,109
Wash Co EMC Cert Training	6,223
Texas Gas Fund	5,236
Comp Solid Wash Mgt	5,031
2004 Refunding Bond	4,689

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

NOTE 14 - CONTINGENCIES.

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

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

NOTE 15 - 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 that the absence of obligation of 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 is disclosed as follows:

<u>Description</u>	<u>Balance at Sept. 30, 2015</u>
Industrial revenue bonds	\$ 9,935,000
Urban renewal notes	12,500,000
Total	<u>\$ 22,435,000</u>

NOTE 16 -JOINTLY GOVERNED ORGANIZATIONS.

The County participates in the following jointly governed organizations:

Mississippi Delta Community College operates in a district composed of the Counties of Bolivar, Coahoma, Humphreys, Issaquena, Leflore, Sharkey, Sunflower and Washington. The Washington County Board of Supervisors appoints two of the 20 members of the College Board of Trustees. The County appropriated 3.0 mills to the college for maintenance, improvement and enlargement in the fiscal year 2015.

Delta Community Mental Health Services operates in a district composed of the Counties of Bolivar, Issaquena, Sharkey and Washington. The Washington County Board of Supervisors appoints one of the four members of the board of commissioners. The County appropriated \$240,482 to the entity in fiscal year 2015.

WASHINGTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

The South Delta Planning and Development District operates in a district composed of the Counties of Bolivar, Humphreys, Issaquena, Sharkey, Sunflower and Washington. The Washington County Board of Supervisors appoints five of the 22 members of the board of trustees. The County did not appropriate any funds to the organization in the fiscal year 2015.

NOTE 17 - SUBSEQUENT EVENTS.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Washington County evaluated the activity of the County through June 22, 2016 (the date the financial statements were available to be issued), and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

Subsequent to September 30, 2015, Washington County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
12/11/2015	0.95%	\$ 3,000,000	Tax Anticipation Note	Advalorem taxes
03/01/2016	2.07%	466,637	Lease Purchase	Advalorem taxes

WASHINGTON COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

Washington 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)
REVENUES				
Property taxes	\$ 14,405,116	14,941,444	14,941,444	-
Licenses, commissions and other revenue	743,750	695,283	695,283	-
Fines and forfeitures	240,000	252,268	252,268	-
Intergovernmental revenues	2,199,149	3,108,289	3,108,289	-
Interest income	60,000	60,846	60,846	-
Miscellaneous revenues	535,000	1,338,670	1,338,670	-
Total Revenues	18,183,015	20,396,800	20,396,800	-
EXPENDITURES				
Current:				
General government	12,446,536	12,315,612	12,315,612	-
Public safety	6,162,205	5,599,770	5,599,770	-
Public works	129,331	129,331	129,331	-
Health and welfare	796,792	756,462	756,462	-
Culture and recreation	456,719	515,171	515,171	-
Conservation of natural resources	102,671	89,544	89,544	-
Economic development and assistance	355,529	380,961	380,961	-
Debt Service		990,371	990,371	-
Total Expenditures	20,449,783	20,777,222	20,777,222	-
Excess of Revenues over (under) Expenditures	(2,266,768)	(380,422)	(380,422)	-
OTHER FINANCING SOURCES (USES)				
Lease principal payments	463,000	584,443	584,443	-
Sources	151,172	477,394	477,394	-
Uses		(655,218)	(655,218)	-
Total Other Financing Sources and Uses	614,172	406,619	406,619	-
Net Change in Fund Balance	(1,652,596)	26,197	26,197	-
Fund Balance - Beginning	(5,029,146)	1,040,559	1,040,559	-
Fund Balance - Ending	\$ (6,681,742)	1,066,756	1,066,756	-

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

Washington County
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Highway Maintenance Fund
 For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 732,630	\$ 578,132	\$ 578,132	\$ -
Intergovernmental revenues	636,500	1,140,164	1,140,164	-
Interest income	1,000	416	416	-
Miscellaneous revenues	11,092	345,759	345,759	-
Total Revenues	1,381,222	2,064,471	2,064,471	-
EXPENDITURES				
Public works	1,316,922	1,215,226	1,215,226	-
Debt service	64,300	161,152	161,152	-
Total Expenditures	1,381,222	1,376,378	1,376,378	-
Excess of Revenues over (under) Expenditures	-	688,093	688,093	-
OTHER FINANCING SOURCES (USES)				
Sources	-	-	-	-
Uses	-	-	-	-
Total Other Financing Sources and Uses	-	-	-	-
Net Change in Fund Balance	-	688,093	688,093	-
Fund Balance - Beginning	(1,257,090)	751,439	751,439	-
Fund Balance - Ending	\$ (1,257,090)	\$ 1,439,532	\$ 1,439,532	\$ -

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

Washington County
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Bridge & Culvert Fund
 For the Year Ended September 30, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 3,555,417	\$ 3,452,537	\$ 3,452,537	\$ -
Intergovernmental revenues		3,804	3,804	-
Interest income		4,164	4,164	-
Total Revenues	<u>3,555,417</u>	<u>3,460,505</u>	<u>3,460,505</u>	<u>-</u>
EXPENDITURES				
Public works	<u>3,555,417</u>	<u>3,479,499</u>	<u>3,479,499</u>	<u>-</u>
Total Expenditures	<u>3,555,417</u>	<u>3,479,499</u>	<u>3,479,499</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>-</u>	<u>(18,994)</u>	<u>(18,994)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Sources	-	18,378	18,378	-
Uses	-	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>18,378</u>	<u>18,378</u>	<u>-</u>
Net Change in Fund Balance	-	(616)	(616)	-
Fund Balance - Beginning	<u>44,200</u>	<u>489,350</u>	<u>489,350</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 44,200</u>	<u>\$ 488,734</u>	<u>\$ 488,734</u>	<u>\$ -</u>

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

WASHINGTON 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)	0.172%	0.172%
County's proportionate share of the net pension liability (asset) \$	26,587,808	20,877,651
County's covered-employee payroll \$	10,760,346	10,357,806
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	247.09%	201.56%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

COMPONENT UNITS

	<u>Washington County Library System 2015</u>	<u>Greenville Port Commission 2015</u>
Proportion of the net pension liability (asset)	0.007%	0.008%
Proportionate share of the net pension liability (asset) \$	1,097,520	1,236,643
Covered-employee payroll \$	436,096	505,810
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	251.67%	244.49%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	61.70%

* 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.

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

	<u>2015</u>
Contractually required contribution	\$ 1,694,754
Contributions in relation to the contractually required contribution	<u>1,694,754</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>
County's covered-employee payroll	\$ 10,760,346
Contributions as a percentage of covered-employee payroll	15.75%

COMPONENT UNITS

	<u>Washington County Library System 2015</u>	<u>Greenville Port Commission 2015</u>
Contractually required contribution	\$ 68,685	79,665
Contributions in relation to the contractually required contribution	<u>68,685</u>	<u>79,665</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>	<u><u>-</u></u>
Covered-employee payroll	\$ 436,096	505,810
Contributions as a percentage of covered-employee payroll	15.75%	15.75%

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

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

DELTA REGIONAL MEDICAL CENTER – A COMPONENT UNIT OF WASHINGTON COUNTY
Schedule of Changes in Net Pension Liability and Related Ratios
Year Ended September 30, 2015

Total Pension Liability	
Service cost	\$ 490,706
Interest on total pension liability	1,547,795
Effect of economic/demographic gains (losses)	(95,165)
Benefit payments	<u>(983,322)</u>
Net change in total pension liability	960,014
Total pension liability, beginning	<u>23,900,615</u>
Total pension liability, ending (a)	<u>24,860,629</u>
Plan Fiduciary Net Position	
Employer contributions	838,590
Investment income net of investment expenses	429,704
Benefit payments	(983,322)
Administrative expenses	<u>(28,627)</u>
Net change in fiduciary net position	256,345
Fiduciary net position, beginning	<u>15,598,834</u>
Fiduciary net position, ending (b)	<u>15,855,179</u>
Net pension liability, ending (a) - (b)	<u>\$ 9,005,450</u>
Fiduciary net position as a percentage of the total pension liability	63.78%
Covered payroll	\$ 22,586,180
Net pension liability as a percentage of covered payroll	39.87%

Summary of Assumptions and Methods

The following actuarial methods and assumptions were used in the July 1, 2014 funding valuation:

Valuation timing	Actuarially determined contribution rates are calculated as of June 30
Actuarial cost method	Entry age normal
Amortization method	
Level percent or dollar	Level dollar
Closed, open, or layered periods	Closed
Amortization period at July 1, 2014	20 years
Amortization growth rate	5.00%
Asset valuation method	
Smoothing period	3 years
Recognition method	Non-asymptotic
Corridor	80% - 120%
Inflation	3.00%
Salary increases	5.00%
Investment rate of return	7.50%
Cost of living adjustments	None
Retirement age	65
Turnover	Table of rates
Mortality	RP-2000 Mortality for Employees, Health Annuitants, and Disables Annuitants with Generational Projection per Scale AA

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

DELTA REGIONAL MEDICAL CENTER – A COMPONENT UNIT OF WASHINGTON COUNTY
Schedule of Employer Contributions (UNAUDITED)
September 30, 2015

<u>Fiscal Year Ended June 30:</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contribution as a % of Covered Payroll</u>
2006	N/A	N/A	N/A	N/A	N/A
2007	\$ 986,923	986,923	-	20,938,044	4.71 %
2008	1,077,494	1,077,494	-	23,228,344	4.64
2009	1,403,396	1,403,396	-	26,112,402	5.37
2010	746,189	746,189	-	25,730,054	2.90
2011	931,812	931,812	-	26,593,764	3.50
2012	1,082,409	1,082,409	-	27,546,026	3.93
2013	1,071,487	1,071,487	-	25,120,081	4.27
2014	944,920	944,920	-	23,831,513	3.97
2015	939,446	939,446	-	22,586,180	4.16

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

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

Budgetary Comparison Schedule

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:

	General Fund	Highway Maintenance Fund	Bridge & Culvert Fund
Budget (Cash Basis)	\$ 26,197	\$ 688,093	\$ (616)
Increase (Decrease)			
Net adjustments for revenue accruals	(611,771)	132,236	162,649
Net adjustments for expenditure accruals	40,490	(97,142)	96,962
GAAP Basis	\$ (545,084)	\$ 723,187	\$ 258,995

WASHINGTON 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 disable 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.

WASHINGTON COUNTY

OTHER INFORMATION

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

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Amount</u>
Paul H. Watson, Jr.	Supervisor District 1	Travelers Casualty & Surety	100,000
Mike Gordon	Supervisor District 2	Travelers Casualty & Surety	100,000
Troy Wesley, Sr.	Supervisor District 3	Travelers Casualty & Surety	100,000
Jesse Amos	Supervisor District 4	Travelers Casualty & Surety	100,000
Ernest Holmes	Supervisor District 5	Travelers Casualty & Surety	100,000
Vicki Uppal	County Administrator	Travelers Casualty & Surety	100,000
Marilyn Hansell	Chancery Clerk	St. Paul Travelers	100,000
Barbara Esters-Parker	Circuit Clerk	Travelers Casualty & Surety	100,000
Milton M. Gaston, Sr.	Sheriff	Travelers Casualty & Surety	100,000
Patricia Ann Lee	Tax Collector	Western Surety	100,000
Vicki Uppal	Purchase Clerk	Travelers Casualty & Surety	75,000
Judy Brown	Receiving Clerk	Travelers Casualty & Surety	50,000
Roderick Montgomery	Inventory Control Clerk	Travelers Casualty & Surety	75,000
Arthur Perry	Road Manager	Travelers Casualty & Surety	50,000
Mark K. Seard	Tax Assessor	Travelers Casualty & Surety	50,000
David Johnson	Assistant Receiving Clerk	Travelers Casualty & Surety	50,000
Laverne Holmes Carter	Justice Court Judge	Travelers Casualty & Surety	50,000
Cedric C. Bush	Justice Court Judge	Travelers Casualty & Surety	50,000
Laverne Simpson	Justice Court Judge	Travelers Casualty & Surety	50,000
Eloise H. Brooks	Justice Court Clerk	St. Paul Travelers	50,000
Sharon D. Taliaferro	Deputy Justice Court Clerk	Travelers Casualty & Surety	50,000
Paulette Rhymes	Deputy Justice Court Clerk	Travelers Casualty & Surety	50,000
Anglyn Robinson	Deputy Justice Court Clerk	Travelers Casualty & Surety	50,000
Babette Larry	Deputy Justice Court Clerk	St. Paul Travelers	50,000
Geraldine Johnson	Deputy Justice Court Clerk	St. Paul Travelers	50,000
Johmarra L. Jackson	Deputy Justice Court Clerk	Travelers Casualty & Surety	50,000
RC Anderson	Constable	Travelers Casualty & Surety	50,000
Nathaniel Watkins, Jr.	Constable	Travelers Casualty & Surety	50,000
Lester Walker	Constable	Travelers Casualty & Surety	50,000

WASHINGTON COUNTY

SPECIAL REPORTS



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
Washington County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Washington County, Mississippi, as of and for the year ended September 30, 2015 and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 22, 2016. This report is qualified on the governmental and business-type activities because the County did not record a liability or current year expense for postemployment benefits as required by accounting principles generally accepted in the United State of America. Other auditor's audited the financial statements of the Delta Regional Medical Center, the Washington County Library System and the Greenville Port Commission, as described in our report on Washington County's financial statements. However, the financial statements of the Washington County Library System were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditor's testing of internal control over financial reporting and on compliance and other matters that are reported separately by those auditors.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 weakness or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2015-001, 2015-002 and 2015-003 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington 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*.

We noted certain matters that we reported to the management of Washington County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated June 22, 2016 included within this document.

Washington County's Response to Findings

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

Purpose of this Report

This 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 22, 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
Washington County, Mississippi

We have examined Washington 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 Washington County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Washington 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, Washington 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 Washington 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 22, 2016

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

Schedule 1

Our test results did not identify any purchases not made from the lowest bidder.

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

Schedule 2

Our test results did not identify an emergency purchase.

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

Schedule 3

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

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Washington County, Mississippi

In planning and performing our audit of the financial statements of Washington County, Mississippi for the year ended September 30, 2015, we considered Washington 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 Washington 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 22, 2016, on the financial statements of Washington County, Mississippi.

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

The results of our review procedures and compliance tests identified a certain immaterial instance of noncompliance with state laws and regulations that is an opportunity for strengthening internal control and operating efficiency. Our finding, recommendation, and your response are disclosed below:

Board of Supervisors

1. **Finding**

As reported in the prior year's report, we noted various negative fund balances. They are as follows:

<u>Fund</u>	<u>Deficit Amount</u>
Waste tire grant fund	\$ 202,338
Circuit Drug Court FY2015 AOC Fund	249,713
WCSO Triad Organization	142,342
HUD Disaster Grant	114,382
ATV Trail Grant FY 14/15	76,028
\$3M G/O 2011 Cap Fds Bonds	58,281
Law enforcement terror grant fund	36,075
Youth Drug Court 13/14 Fund	34,661
Wash Co Yth Drug Crt 1/15-12/15	29,170
2012 Juvenile Acct Youth Court	25,021
Homeland Security	12,694
WSCO Cops Hiring Prog	10,698
MS Tobacco Fund	6,998
Taxable G/O Bond 2011	7,109
Wash Co EMC Cert Training	6,223
Texas Gas Fund	5,236
Comp Solid Wash Mgt	5,031
2004 Refunding Bond	4,689

Recommendation

The Board of Supervisors should determine the reasons for the deficit fund balances and take the appropriate actions to reduce the deficits.

Board of Supervisors Response

We will monitor individual fund balances to ensure that cash is available to meet expected cash requirements.

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

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

Bridgers & Goodman, PLLC

Bridgers & Goodman, PLLC
Certified Public Accountants
Vicksburg, Mississippi

June 22, 2016

WASHINGTON COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

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

Section 1: Summary of Auditor's Results

Financial Statements:

- | | |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements: | |
| Governmental activities | Qualified |
| Business-type activities | Qualified |
| Aggregate discretely presented component units | Unmodified |
| General Fund | Unmodified |
| Highway Maintenance Fund | Unmodified |
| Bridge & Culvert Fund | Unmodified |
| Aggregate remaining fund information | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiency identified? | None Reported |
| 3. Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

Board of Supervisors

Material Weakness

2015-001. Finding

A critical aspect of effective financial management is the maintenance of accurate accounting records. As reported in the prior six years' audit reports, management does not have personnel that possess the necessary qualifications and training to prepare financial statements in accordance with generally accepted accounting principles. Therefore, since the County lacked the expertise to apply generally accepted accounting principles in recording the entity's financial transactions and adequate controls in place over the recording and reporting of financial records, the risk increases that inaccurate information may be reported and increases the possibility of the loss or misappropriation of public funds.

Recommendation

The Board of Supervisors should establish adequate controls and procedures to ensure that financial transactions are recorded, presented and disclosed in accordance with generally accepted accounting principles.

Board of Supervisors' Response

The Board will establish adequate controls and procedures to ensure that financial transactions are recorded, presented and disclosed in accordance with generally accepted accounting principles.

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

Material Weakness

2015-002. Finding

Washington County provides health insurance coverage through the Mississippi Public Entity Employee Benefit Trust, a public entity risk pool, and offers health insurance benefit coverage through the County's health insurance plan. 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 No. 45 Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions as a single employer defined benefit health care plan. GASB Statement No 45 requires the County to report on an accrual basis the liability associated with other postemployment benefits. However, as reported in the prior two year's report, the County has not recorded a liability for other postemployment benefits, nor has the County reported the note disclosures which are required by accounting principles generally accepted in the United States of America. The failure to properly follow generally accepted accounting principles resulted in a qualified opinion on the governmental and business-type activities. The County does not issue a publicly available financial report for their health insurance plan.

Recommendation

The Board of Supervisors should have an actuarial valuation performed annually so that a liability for other postemployment benefits can be recorded and the appropriate note disclosures can be made in accordance with accounting principles generally accepted in the United States of America.

Board of Supervisors' Response

We believe that the cost of compliance with this statement outweigh the benefits, therefore, we will not have an actuarial valuation performed at this time.

Material Weakness

2015-003. Finding

During the course of our audit procedures, it came to our attention that one individual received, deposited, recorded in the ledgers and reconciled the bank statements pertaining to County funds. Allowing one individual to control the receipting process is a material violation of internal controls applicable to the separation of duties and exposes the County to potential loss or misappropriation of County funds.

Recommendation

The Board of Supervisors should establish adequate internal control policies and procedures to ensure that one individual does not perform the receipting, depositing, recording and bank reconciliation of County funds and provides for adequate separation of duties.

Board of Supervisors' Response

We are establishing a finance and administrative organizational structure that will provide adequate internal control policies and procedures to ensure adequate separation of duties are achieved for the receipting process of County funds.