

**WALTHALL COUNTY**

**Audited Financial Statements  
And  
Special Reports**

**For the Year Ended September 30, 2013**

WALTHALL COUNTY

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WALTHAM COUNTY

FINANCIAL SECTION

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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Members:  
American Institute of CPAs  
Mississippi Society of CPAs

### INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Walthall County, Mississippi

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of Walthall County, Mississippi, as of and for the year ended September 30, 2013, which collectively comprise the basic financial statements of the county's primary government as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

#### **Opinions**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of Walthall County, Mississippi, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Omission of Required Supplementary Information*

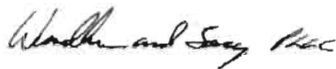
Walthall County, Mississippi, has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements,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

### *Other Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2014, on our consideration of Walthall County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Walthall County, Mississippi's internal control over financial reporting and compliance.



Windham and Lacey, PLLC  
June 1, 2014

WALTHAM COUNTY

FINANCIAL STATEMENTS

WALTHALL COUNTY  
Statement of Net Position  
September 30, 2013

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash	\$ 6,267,320	323,599	6,590,919
Property tax receivable	4,400,712		4,400,712
Accounts receivable (net of allowance for uncollectibles of \$809,263)		45,361	45,361
Fines receivable (net of allowance for uncollectibles of \$6,408,659)	1,321,392		1,321,392
Loans receivable	1,057,744		1,057,744
Intergovernmental receivables	220,103		220,103
Other receivables	44,074	134	44,208
Deferred charges - bond issuance costs	146,151		146,151
Internal balances	19,030	(19,030)	
Restricted assets:			
Restricted cash	629,948		629,948
Capital assets:			
Land and construction in progress	2,379,100		2,379,100
Other capital assets, net	8,855,267	211,027	9,066,294
Total Assets	<u>25,340,841</u>	<u>561,091</u>	<u>25,901,932</u>
<b>LIABILITIES</b>			
Claims payable	298,277	24,311	322,588
Intergovernmental payables	229,709		229,709
Accrued interest payable	6,596	931	7,527
Deferred revenue	4,400,712		4,400,712
Unearned revenue		35,193	35,193
Other payables	71,214		71,214
Due within one year:			
Capital debt	228,646	53,875	282,521
Non-capital debt	185,084		185,084
Due in more than one year:			
Capital debt	3,179,330	53,875	3,233,205
Non-capital debt	532,945	7,046	539,991
Total Liabilities	<u>9,132,513</u>	<u>175,231</u>	<u>9,307,744</u>
<b>NET POSITION</b>			
Net investment in capital assets	7,826,391	103,277	7,929,668
Restricted:			
Expendable:			
General government	14,796		14,796
Public safety	819,345		819,345
Public works	1,314,992	282,583	1,597,575
Health and welfare	104,142		104,142
Culture and recreation	55,969		55,969
Economic development	17,294		17,294
Debt service	700,099		700,099
Unemployment compensation	14,059		14,059
Unrestricted	5,341,241		5,341,241
Total Net Position	<u>\$ 16,208,328</u>	<u>385,860</u>	<u>16,594,188</u>

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

WALTHAM COUNTY  
Statement of Activities  
For the Year Ended September 30, 2013

Exhibit 2

Program Revenues					Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Business-type Activities	Total
Functions/Programs					Governmental Activities			
Primary government:								
Governmental Activities:								
General government	\$ 1,983,895	379,565	120,075		(1,484,255)			(1,484,255)
Public safety	1,615,966	177,322	184,525	339,490	(914,629)			(914,629)
Public works	1,699,593		609,695	374,445	(715,453)			(715,453)
Health and welfare	340,481		15,222		(325,259)			(325,259)
Culture and recreation	26,703	5,547			(21,156)			(21,156)
Conservation of natural resources	68,329				(68,329)			(68,329)
Economic development and assistance	299,251		49,987	138,415	(110,849)			(110,849)
Interest on long-term debt	149,945				(149,945)			(149,945)
Total Governmental Activities	6,184,163	562,434	979,504	852,350	(3,789,875)		0	(3,789,875)
Business-type Activities:								
Solid waste	650,177	665,117	5,915				20,855	20,855
Total Business-type Activities	650,177	665,117	5,915	0	0		20,855	20,855
Total Primary Government	\$ 6,834,340	1,227,551	985,419	852,350	(3,789,875)		20,855	(3,769,020)
General revenues:								
Property taxes					\$ 4,417,160		4	4,417,164
Road & bridge privilege taxes					186,372			186,372
Grants and contributions not restricted to specific programs					357,187			357,187
Unrestricted interest income					47,831		619	48,450
Miscellaneous					275,141		150	275,291
Total General Revenues and Transfers					5,283,691		773	5,284,464
Changes in Net Position					1,493,816		21,628	1,515,444
Net Position - Beginning					14,714,512		364,232	15,078,744
Net Position - Ending					\$ 16,208,328		385,860	16,594,188

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



WALTHAM COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2013

Exhibit 3

	Major Fund	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
<b>ASSETS</b>			
Cash	\$ 3,849,369	2,417,951	6,267,320
Restricted cash	629,948		629,948
Property tax receivable	3,380,000	1,020,712	4,400,712
Fines receivable (net of allowance for uncollectibles of \$6,408,659)	1,321,392		1,321,392
Loans receivable – current	55,545		55,545
Intergovernmental receivables	86,984	133,119	220,103
Other receivables	6,314	37,760	44,074
Due from other funds	13,251	31,190	44,441
Advances to other funds	9,276		9,276
Loans receivable – noncurrent	1,002,199		1,002,199
Total Assets	\$ 10,354,278	3,640,732	13,995,010
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Claims payable	\$ 92,970	205,307	298,277
Intergovernmental payables	226,250		226,250
Due to other funds	38,146		38,146
Deferred revenue	4,701,392	1,020,712	5,722,104
Other payables	71,214		71,214
Total Liabilities	5,129,972	1,226,019	6,355,991
Fund Balances:			
Nonspendable:			
Advances	9,276		9,276
Loans receivable	1,002,199		1,002,199
Restricted for:			
General government		14,796	14,796
Public safety	520,930	298,415	819,345
Public works		1,314,992	1,314,992
Health and welfare		104,142	104,142
Culture and recreation		55,969	55,969
Economic development and assistance		14,663	14,663
Debt service	109,018	597,677	706,695
Unemployment compensation		14,059	14,059
Assigned to:			
Culture and recreation	970		970
Economic development and assistance	527,109		527,109
Unassigned	3,054,804		3,054,804
Total Fund Balances	5,224,306	2,414,713	7,639,019
Total Liabilities and Fund Balances	\$ 10,354,278	3,640,732	13,995,010

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

## WALTHALL COUNTY

Exhibit 3-1Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
September 30, 2013

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 7,639,019
Amounts reported for governmental services in the Statement of Net Position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$13,447,796.	11,234,367
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,321,392
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(4,126,005)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(6,596)
Deferred charges - issuance costs	<u>146,151</u>
Total Net Position - Governmental Activities	\$ <u>16,208,328</u>

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

## WALTHALL COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the Year Ended September 30, 2013

	Major Fund	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
<b>REVENUES</b>			
Property taxes	\$ 3,227,720	1,189,440	4,417,160
Road and bridge privilege taxes		186,372	186,372
Licenses, commissions and other revenue	146,749	4,044	150,793
Fines and forfeitures	132,567	1,327	133,894
Intergovernmental revenues	559,675	1,629,366	2,189,041
Charges for services	15,784	146,735	162,519
Interest income	43,292	4,539	47,831
Miscellaneous revenues	200,265	62,491	262,756
Total Revenues	<u>4,326,052</u>	<u>3,224,314</u>	<u>7,550,366</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,973,526	4,783	1,978,309
Public safety	3,347,589	719,366	4,066,955
Public works	32,301	1,875,658	1,907,959
Health and welfare	148,007		148,007
Culture and recreation	7,403	446	7,849
Conservation of natural resources	68,329		68,329
Economic development and assistance	63,587	198,318	261,905
Debt service:			
Principal		485,963	485,963
Interest	108,697	54,150	162,847
Total Expenditures	<u>5,749,439</u>	<u>3,338,684</u>	<u>9,088,123</u>
Excess of Revenues over (under) Expenditures	<u>(1,423,387)</u>	<u>(114,370)</u>	<u>(1,537,757)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	4,139	33,462	37,601
Proceeds from long-term debt	2,880,000	100,000	2,980,000
Premium on debt issued	98,317		98,317
Transfers in	3,681	226,281	229,962
Transfers out	(222,281)	(7,681)	(229,962)
Total Other Financing Sources and Uses	<u>2,763,856</u>	<u>352,062</u>	<u>3,115,918</u>
Net Changes in Fund Balances	1,340,469	237,692	1,578,161
Fund Balances - Beginning	<u>3,883,837</u>	<u>2,177,021</u>	<u>6,060,858</u>
Fund Balances - Ending	<u>\$ 5,224,306</u>	<u>2,414,713</u>	<u>7,639,019</u>

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

## WALTHALL 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, 2013

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 1,578,161
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 \$2,929,627 exceeded depreciation of \$670,180 in the current period.	2,259,447
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 gain of \$12,385 and the proceeds from the sale of \$37,601 in the current period.	(25,216)
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.	115,228
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt proceeds of \$2,980,000 exceeded debt repayments of \$485,963.	(2,494,037)
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:	
Premiums on certificates of participation	(98,317)
Issuance cost on certificates of participation	157,620
Increase in compensated absences	(503)
Decrease in accrued interest payable	5,748
Amortization of:	
Issuance cost on certificates of participation	(11,469)
Premium on certificates of participation	7,154
Change in Net Position of Governmental Activities	\$ <u>1,493,816</u>

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

WALTHALL COUNTY  
Statement of Net Position - Proprietary Fund  
September 30, 2013

Exhibit 5

	Business-type Activities
	Governmental
	Enterprise Fund
	Solid Waste Fund
<b>ASSETS</b>	
Current Assets:	
Cash	\$ 323,599
Accounts receivable (net of allowance for uncollectibles of \$809,263)	45,361
Other receivables	134
Total Current Assets	<u>369,094</u>
Noncurrent Assets:	
Capital assets:	
Other capital assets, net	211,027
Total Noncurrent Assets	<u>211,027</u>
Total Assets	<u>580,121</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Claims payable	24,311
Due to other funds	9,754
Advances from other funds	9,276
Accrued interest payable	931
Unearned revenue	35,193
Capital debt:	
Other long-term liabilities	53,875
Total Current Liabilities	<u>133,340</u>
Noncurrent Liabilities:	
Capital debt:	
Other long-term liabilities	53,875
Non-capital debt:	
Compensated absences payable	7,046
Total Noncurrent Liabilities	<u>60,921</u>
Total liabilities	<u>194,261</u>
<b>NET POSITION</b>	
Net investment in capital assets	103,277
Expendable:	
Public works	<u>282,583</u>
Total Net Position	<u>\$ 385,860</u>

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

## WALTHALL COUNTY

Exhibit 6Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund  
For the Year Ended September 30, 2013

	Business-type Activities
	Governmental
	Enterprise Fund
	Solid Waste Fund
Operating Revenues	
Charges for service	\$ 665,117
Miscellaneous	150
Total Operating Revenues	<u>665,267</u>
Operating Expenses	
Personal services	363,544
Contractual services	150,212
Materials and supplies	81,930
Depreciation expense	41,024
Indirect administrative cost	9,754
Total Operating Expenses	<u>646,464</u>
Operating Income (Loss)	<u>18,803</u>
Nonoperating Revenues (Expenses)	
Property tax	4
Interest income	619
Intergovernmental grants	5,915
Interest expense	(3,713)
Net Nonoperating Revenue (Expenses)	<u>2,825</u>
Net Income (Loss) Before Capital Contributions, Special and Extraordinary Items and Transfers	<u>21,628</u>
Changes in Net Position	21,628
Net Position - Beginning	<u>364,232</u>
Net Position - Ending	<u>\$ 385,860</u>

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

WALTHALL COUNTY  
Statement of Cash Flows - Proprietary Fund  
For the Year Ended September 30, 2013

Exhibit 7

	Business-type Activities
	Governmental Enterprise Fund
	Solid Waste Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 685,962
Payments to suppliers	(227,716)
Payments to employees	(363,966)
Other operating cash receipts	150
Net Cash Provided (Used) by Operating Activities	94,430
Cash Flows From Noncapital Financing Activities	
Intergovernmental grants received	5,915
Cash received from property taxes	4
Net Cash Provided (Used) by Noncapital Financing Activities	5,919
Cash Flows From Capital and Related Financing Activities	
Principal paid on long-term debt	(53,875)
Interest paid on debt	(4,179)
Net Cash Provided (Used) by Capital and Related Financing Activities	(58,054)
Cash Flows From Investing Activities	
Interest in deposits	485
Net Cash Provided (Used) by Investing Activities	485
Net Increase (Decrease) in Cash and Cash Equivalents	42,780
Cash and Cash Equivalents at Beginning of Year	280,819
Cash and Cash Equivalents at End of Year	\$ 323,599
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 18,803
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	41,024
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	1,798
Increase (decrease) in claims payable	4,452
Increase (decrease) in interfund payables	9,754
Increase (decrease) in compensated absences liability	(448)
Increase (decrease) in unearned revenue	19,047
Total Adjustments	75,627
Net Cash Provided (Used) by Operating Activities	\$ 94,430

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

WALTHALL COUNTY  
Statement of Fiduciary Assets and Liabilities  
September 30, 2013

Exhibit 8

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 105,690
Other receivables	3,503
Due from other funds	<u>6,956</u>
Total Assets	<u>\$ 116,149</u>
LIABILITIES	
Amounts held in custody for others	\$ 49,581
Intergovernmental payables	63,071
Due to other funds	<u>3,497</u>
Total Liabilities	<u>\$ 116,149</u>

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



## WALTHALL COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

#### (1) Summary of Significant Accounting Policies.

##### A. Financial Reporting Entity.

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

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

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

##### B. Blended Component Units.

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

- Walthall County Airport Board
- Walthall County Economic Development Authority

##### 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 and fund financial statements, which provide a detailed level of financial information.

##### Government-wide Financial Statements:

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

## WALTHALL COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the county, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business-type activity is self-financing or draws from the general revenues of the county.

#### Fund Financial Statements:

Fund financial statements of the county are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented as Other Governmental Funds in a single column.

#### 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 county's Proprietary Funds apply all applicable Governmental Accounting Standards Board (GASB) pronouncements and only the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures.

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

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

## WALTHALL COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

The county reports the following major Governmental Fund:

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

The county reports the following major Proprietary Fund:

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

Additionally, the county reports the following fund types:

#### GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds account for, among others, certain federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Funds - These funds are used to account for financial resources used for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bond issues and federal grants.

#### 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.

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

## WALTHALL COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

#### G. Receivables.

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

#### H. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." 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 fund balance reserve account in applicable Governmental Funds to indicate that they are not available for appropriation and are not expendable available financial resources. 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. 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 activities or business-type activities in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. The extent to which capital assets, other than infrastructure, costs 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.

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

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

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

# WALTHALL COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2013

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

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

### J. Long-term Liabilities.

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

In the government-wide financial statements and in the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund statement of net position.

### K. 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 assets 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 assets not meeting the definition of "restricted" or "net investment in capital assets."

#### Fund Financial Statements:

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

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

## WALTHALL COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

*Nonspendable fund balance* includes amounts that cannot be spent. This includes amounts that are either not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds from the collection of those receivables or from the sale of those properties are restricted, committed or assigned) or amounts that are legally or contractually required to be maintained intact, such as a principal balance of a permanent fund. The county currently has \$1,011,475 as nonspendable fund balance.

*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. The county currently has \$3,044,661 as restricted fund balance.

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

*Assigned fund balance* includes amounts that are constrained by the county's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Board of Supervisors pursuant to authorization established by Section 19-3-59, Miss. Code Ann. (1972). The county currently has \$528,079 as assigned fund balance.

*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.

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

#### L. Property Tax Revenues.

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

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

## WALTHALL COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

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 original purchase occurs.

#### M. 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.

#### N. Compensated Absences.

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

#### (2) Change in Accounting Standard.

For the fiscal year ended September 30, 2013, the county implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position.

#### (3) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2013, was \$6,696,609, and the bank balance was \$6,845,153. 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 Depository Insurance Corporation.

**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.

#### Restricted Cash.

As approved by Section 91-13-8, Miss. Code Ann. (1972), the cash balance amount of \$629,948 is managed through a trust indenture between the county and the trustee related to the construction and debt payments of the new Walthall County jail project. Accordingly, this cash is classified as restricted on the financial statements.

# WALTHALL COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2013

### (4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2013:

#### A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste Fund	\$ 9,754
General Fund	Agency Funds	3,497
Other Governmental Funds	General Fund	31,190
Agency Funds	General Fund	<u>6,956</u>
Total		<u>\$ 51,397</u>

The receivables represent the tax revenue, Justice and Circuit Court and Circuit Clerk fees collected but not settled until October, 2013. Additionally included is solid waste indirect costs due to the General Fund that had not been settled at September 30, 2013. All interfund balances are expected to be repaid within one year from the date of the financial statements.

#### B. Advances To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste Fund	\$ <u>9,276</u>

The advances represent indirect costs from the solid waste fund to the General Fund that had not been settled.

#### C. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 3,681
Other Governmental Funds	General Fund	222,281
Other Governmental Funds	Other Governmental Funds	<u>4,000</u>
Total		<u>\$ 229,962</u>

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



# WALTHALL COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2013

### (5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2013, consist of the following:

Description	Amount
Legislative tax credit	\$ 67,752
Mississippi Emergency Management Agency - EMPG Grant	8,739
Mississippi Emergency Management Agency - Disaster Grant	77,115
Housing Prisoners	1,280
Reimbursement of Over Settlement	15,230
Airport Improvement Grants	49,987
Total	<u>\$ 220,103</u>

### (6) Loans Receivables.

Loans receivables balances at September 30, 2013, are as follows:

Description	Date of Loan	Interest Rate	Maturity Date	Receivable Balance
108 Tylertown Bldg., LLC (Kalencom)	12/15/2008	3.00%	12/31/2028	\$ 1,057,744
Total				<u>\$ 1,057,744</u>

### (7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2013:

	Balance Oct. 1, 2012	Additions	Deletions	Adjustments	Balance Sept. 30, 2013
Governmental Activities:					
Non-depreciable capital assets:					
Land	\$ 219,723	1,000			220,723
Construction in progress	0	2,158,377			2,158,377
Total non-depreciable capital assets	<u>219,723</u>	<u>2,159,377</u>	<u>0</u>	<u>0</u>	<u>2,379,100</u>
Depreciable capital assets:					
Infrastructure	4,320,409	221,000			4,541,409
Buildings	7,313,819	145,700			7,459,519
Improvements other than buildings	332,654				332,654
Mobile equipment	5,054,629	403,550	186,653		5,271,526
Furniture and equipment	4,500,098		21,514		4,478,584
Leased property under capital leases	219,371				219,371
Total depreciable capital assets	<u>21,740,980</u>	<u>770,250</u>	<u>208,167</u>	<u>0</u>	<u>22,303,063</u>

# WALTHALL COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2013

	Balance Oct. 1, 2012	Additions	Deletions	Adjustments	Balance Sept. 30, 2013
Less accumulated depreciation for:					
Infrastructure	476,065	91,377			567,442
Buildings	4,364,244	123,319			4,487,563
Improvements other than buildings	81,731	8,435			90,166
Mobile equipment	3,998,476	265,429	163,588		4,100,317
Furniture and equipment	3,952,187	179,652	19,363		4,112,476
Leased property under capital leases	87,864	1,968			89,832
Total accumulated depreciation	12,960,567	670,180	182,951	0	13,447,796
Total depreciable capital assets, net	8,780,413	100,070	25,216	0	8,855,267
Governmental Activities capital assets, net	\$ 9,000,136	2,259,447	25,216	0	11,234,367
Business-type Activities:					
Depreciable capital assets:					
Mobile equipment	\$ 455,872				455,872
Total depreciable capital assets	455,872	0	0	0	455,872
Less accumulated depreciation for:					
Mobile equipment	203,821	41,024			244,845
Total depreciable capital assets	203,821	41,024	0	0	244,845
Business-type Activities capital assets, net	\$ 252,051	(41,024)	0	0	211,027

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 5,083
Public safety	196,911
Public works	219,512
Health and welfare	192,474
Culture and recreation	18,854
Economic development and assistance	37,346
Total governmental activities depreciation expense	\$ 670,180
Business-type Activities:	
Solid Waste	\$ 41,024

Commitments with respect to unfinished capital projects at September 30, 2013, consisted of the following:

Description of Commitment	Remaining Financial Commitment	Expected Date of Completion
Airport Improvements	\$ 145,016	12/2013
New Jail	\$ 529,538	01/2014

# WALTHALL COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2013

### (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, 2013, to January 1, 2014. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

### (9) Operating Leases.

#### As Lessor:

The county receives income from property it leases under noncancellable operating leases. Total income from such leases was \$49,003 for the year ended September 30, 2013. The following are the future lease payments to be made to the county on these noncancellable leases. These future payments are from existing leases and do not anticipate renewals or new leases.

<u>Year Ending September 30</u>	<u>Amount</u>
2014	\$ 30,000
2015	30,000
2016	30,000
2017	30,000
2018	30,000
2019-2023	150,000
2024-2028	150,000
2029-2033	150,000
2034-2038	150,000
2039-2043	150,000
2044-2048	150,000
2049-2053	150,000
2054-2058	150,000
2059-2063	150,000
2064-2068	130,000
Total	<u>\$ 1,630,000</u>

WALTHALL COUNTY

Notes to Financial Statements  
For the Year Ended September 30, 2013

(10) Capital Leases.

As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2013:

<u>Classes of Property</u>	<u>Governmental Activities</u>
Mobile equipment	\$ 219,371
Less: Accumulated depreciation	<u>89,832</u>
Leased Property Under Capital Leases	\$ <u>129,539</u>

The following is a schedule by years of the total payments due as of September 30, 2013:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 48,149	977
2015	<u>3,074</u>	<u>8</u>
Total	\$ <u>51,223</u>	<u>985</u>

(11) Long-term Debt.

Debt outstanding as of September 30, 2013, consists of the following:

<u>Description and Purpose</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>
Governmental Activities:			
A. General Obligation Bonds:			
Multi-purpose building (1998)	\$ 60,000	5.00%	01/2014
Multi-purpose building (2000)	110,000	5.35%	03/2015
Library building (2001)	90,000	5.00%	02/2016
Multicraft building refunding (2005)	<u>145,000</u>	5.37%	11/2013
Total General Obligation Bonds	\$ <u>405,000</u>		
B. Limited Obligation Bonds:			
Certificates of Participation, Jail project	\$ <u>2,880,000</u>	2.00 - 5.00%	10/2032
Total Limited Obligation Bonds	\$ <u>2,880,000</u>		
C. Capital Leases:			
District 1 wheel loader	\$ 19,656	3.39%	10/2014
District 2 wheel loader	19,656	3.39%	10/2014
District 5 tractor w/mower	<u>11,911</u>	3.39%	08/2014
Total Capital Leases	\$ <u>51,223</u>		

# WALTHALL COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2013

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
D. Other Loans:			
CAP loan - Georgia Pacific	\$ 484,783	3.00%	05/2026
Fire truck	6,000	4.04%	06/2014
Tractor	9,250	2.62%	06/2014
Chevrolet truck	5,500	2.64%	06/2014
Bridge repairs	16,000	3.17%	06/2015
Ford F150 truck	11,000	2.95%	06/2015
Fire truck	93,840	2.00%	02/2023
Total Other Loans	\$ 626,373		

### Business-type Activities:

#### Other Loans:

(2) Garbage trucks	\$ 107,750	2.55%	06/2015
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Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

### Governmental Activities:

Year Ending September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 290,000	13,556		109,000
2015	85,000	3,721	120,000	109,000
2016	30,000	750	125,000	106,600
2017			125,000	104,100
2018			130,000	100,975
2019-2023			705,000	450,044
2024-2028			840,000	314,231
2029-2033			835,000	91,250
Total	\$ 405,000	18,027	2,880,000	1,385,200

Year Ending September 30	Other Loans	
	Principal	Interest
2014	\$ 75,581	17,445
2015	55,994	15,222
2016	43,690	13,604
2017	44,921	12,374
2018	46,187	11,108
2019-2023	243,733	35,282
2024-2028	116,267	4,947
Total	\$ 626,373	109,982

# WALTHALL COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2013

### Business-type Activities:

Year Ending September 30	Other Loans	
	Principal	Interest
2014	\$ 53,875	2,786
2015	53,875	1,392
Total	\$ 107,750	4,178

**Legal Debt Margin** - The amount of debt, excluding specific exempted debt that can be incurred by the county, is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2013, the amount of outstanding debt was equal to .7% of the latest property assessments.

**Certificates of Participation** - In accordance with Section 31-8-1, et seq. Miss. Code Ann. (192), the county issued Certificates of Participation and transferred the proceeds to the Southwest Mississippi Investment Co., Inc. (Corporation). The funds are to be used to construct a new Walthall County jail facility. At completion, the Corporation will enter into a twenty year agreement with the county with the county being obligated to make payments to the corporation equal to the principal and interest on the debt. When the debt is paid, the county will assume ownership of the facility. The obligation is not a general obligation and does not constitute a pledge of full faith and credit of the county.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2013:

	Balance Oct. 1, 2012	Additions	Reductions	Adjustments	Balance Sept. 30, 2013	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 71,743	503			72,246	
General obligation bonds	675,000		270,000		405,000	290,000
Limited obligation bonds		2,880,000			2,880,000	
Less: deferred amounts for premiums		98,317	7,154		91,163	2,252
Capital leases	98,835		47,612		51,223	48,149
Other loans	694,724	100,000	168,351		626,373	75,581
Total	\$ 1,540,302	3,078,820	493,117	0	4,126,005	415,982
Business-type Activities:						
Compensated absences	\$ 7,494		448		7,046	
Capital leases	161,625		53,875		107,750	53,875
Total	\$ 169,119	0	54,323	0	114,796	53,875

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

## WALTHALL COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

#### (12) 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. Accordingly, no provision for any liability that may result has been recognized in the county's financial statements.

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

#### (13) Joint Venture.

The county participates in the following joint venture:

Walthall County is a participant with the Counties of Amite and Pike in a joint venture, authorized by Section 39-3-11, Miss. Code Ann. (1972), to operate the Pike-Amite-Walthall Regional Library System. The joint venture was created to provide library service for the three counties and is governed by a five-member board. The Counties of Amite and Pike appoint two board members each and Walthall County appoints one board member. By contractual agreement, the county's appropriation to the joint venture was \$103,722 in fiscal year 2013. Complete financial statements for the Pike-Amite-Walthall Regional Library System can be obtained from 1022 Virginia Avenue, McComb, MS 39648.

#### (14) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Southwest Mississippi Community College operates in a district composed of the Counties of Amite, Pike, Walthall and Wilkinson. The Walthall County Board of Supervisors appoints two of the 14 members of the college board of trustees. The county appropriated \$360,952 for operations and maintenance of the college in fiscal year 2013.

Southwest Mississippi Planning and Development District operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Walthall County Board of Supervisors appoints four of the 40 members of the board of directors. The county appropriated \$9,094 for support of the district in fiscal year 2013.

Southwest Mississippi Mental Health Complex operates in a district composed of the Counties of Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall and Wilkinson. The Walthall County Board of Supervisors appoints one of the ten members of the board of commissioners. The county appropriated \$17,313 for its support in fiscal year 2013.

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

Southeast Mississippi Air Ambulance District operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Lamar, Marion, Pearl River, Perry, Stone and Walthall. The Walthall County Board of Supervisors appoints one of the ten members of the board of directors. The county appropriated \$40,000 for support of the district in fiscal year 2013.

# WALTHALL COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2013

### (15) Defined Benefit Pension Plan.

**Plan Description.** Walthall 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.

**Funding Policy.** At September 30, 2013, PERS members were required to contribute 9% of their annual covered salary, and the county was required to contribute at an actuarially determined rate. The rate at September 30, 2013, was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2013, 2012 and 2011 were \$310,338, \$289,046 and \$265,747 respectively, equal to the required contributions for each year.

### (16) 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. Walthall County has evaluated events and transactions for potential recognition or disclosure through June 1, 2014, which is the date the financial statements were available to be issued and determined the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

Issue Date	Interest Rate		Issue Amount	Type of Financing	Source of Financing
2/4/2014	2.29%	\$	21,000	Lease purchase	Ad valorem taxes
4/25/2014	2.25%	\$	70,000	Lease purchase	Ad valorem taxes



WALTHALL COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

WALTHAM COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 2,917,000	3,226,988	3,226,988	
Licenses, commissions and other revenue	135,000	142,929	142,929	
Fines and forfeitures	125,000	134,460	134,460	
Intergovernmental revenues	745,000	827,224	827,224	
Charges for services	17,500	13,798	13,798	
Interest income	12,100	6,127	6,127	
Miscellaneous revenues	151,000	276,507	276,711	204
Total Revenues	<u>4,102,600</u>	<u>4,628,033</u>	<u>4,628,237</u>	<u>204</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,140,286	1,998,700	1,999,700	(1,000)
Public safety	1,136,900	1,096,880	1,096,880	
Public works	50,200	45,391	45,391	
Health and welfare	160,596	147,649	147,649	
Culture and recreation	7,500	6,877	6,877	
Education	275,000	265,361	265,361	
Conservation of natural resources	72,500	68,025	68,025	
Economic development and assistance	72,594	68,167	68,167	
Total Expenditures	<u>3,915,576</u>	<u>3,697,050</u>	<u>3,698,050</u>	<u>(1,000)</u>
Excess of Revenues over (under) Expenditures	<u>187,024</u>	<u>930,983</u>	<u>930,187</u>	<u>(796)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other financing sources	10,000	80,042	80,042	
Other financing uses	(181,000)	(280,642)	(280,642)	
Total Other Financing Sources and Uses	<u>(171,000)</u>	<u>(200,600)</u>	<u>(200,600)</u>	<u>0</u>
Net Change in Fund Balance	16,024	730,383	729,587	(796)
Fund Balances - Beginning	<u>2,257,449</u>	<u>2,850,842</u>	<u>2,850,842</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 2,273,473</u>	<u>3,581,225</u>	<u>3,580,429</u>	<u>(796)</u>

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

# WALTHAM COUNTY

## Notes to the Required Supplementary Information For the Year Ended September 30, 2013

### A. Budgetary Information.

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

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

### B. Basis of Presentation.

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

### C. Budget/GAAP Reconciliation.

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

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

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

	Governmental Fund Type
	General Fund
Budget (Cash Basis)	\$ 729,587
Increase (Decrease)	
Net adjustments for revenue accruals	2,603,910
Net adjustments for expenditure accruals	(1,993,028)
GAAP Basis	\$ <u>1,340,469</u>

WALTHAM COUNTY

OTHER INFORMATION

WALTHALL COUNTY  
Schedule of Surety Bonds for County Officials - UNAUDITED  
For the Year Ended September 30, 2013

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

Note: Assistant Receiving Clerks are under a blanket bond.

WALTHAM COUNTY

SPECIAL REPORTS

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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

Members:  
American Institute of CPAs  
Mississippi Society of CPAs

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

Members of the Board of Supervisors  
Walthall County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the major fund and the aggregate remaining fund information of Walthall County, Mississippi, as of and for the year ended September 30, 2013, 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 1, 2014.

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

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

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


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

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

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

### **Purpose of this Report**

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



Windham and Lacey, PLLC  
June 1, 2014



# Windham and Lacey, PLLC

## *Certified Public Accountants*

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

Members of the Board of Supervisors  
Walthall County, Mississippi

We have examined Walthall County, Mississippi's compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972), and compliance with the purchasing requirements in accordance with the bid requirements of Sections 31-7-13 Miss. Code Ann. (1972), during the year ended September 30, 2013. The Board of Supervisors of Walthall County, Mississippi is responsible for the county's compliance with those requirements. Our responsibility is to express an opinion on the county's compliance based on our examination.

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

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

In our opinion, Walthall County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2013.

The accompanying schedules of (1) purchases not made from the lowest bidder, (2) emergency purchases and (3) purchases made noncompetitively from a sole source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to the examination.

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



Windham and Lacey, PLLC  
June 1, 2014

WALTHALL COUNTY

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30, 2013

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

WALTHALL COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2013

Schedule 2

Our tests results did not identify any emergency purchases.

WALTHALL COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2013

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

# Windham and Lacey, PLLC

## *Certified Public Accountants*

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### LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors  
Walthall County, Mississippi

In planning and performing our audit of the financial statements of Walthall County, Mississippi for the year ended September 30, 2013 we considered Walthall County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Walthall County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated June 1, 2014, on the financial statements of Walthall County, Mississippi.

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

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



Windham and Lacey, PLLC  
June 1, 2014

WALTHAM COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

WALTHALL COUNTY

Schedule of Findings and Responses  
For the Year Ended September 30, 2013

Section 1: Summary of Auditor's Results

***Financial Statements:***

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

Section 2: Financial Statement Findings

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